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NEWS SUMMARY

GENERAL

Leyland Vehicles closure warning

BL warned yesterday that closure of Leyland Vehicles, its truck and bus subsidiary, could come quickly if mass meetings of its workforce later this week voted for a continuation of the three week old strike.

Mr David Andrews, Leyland Vehicles' chairman, said: "The continuation of the strike will mean the company will be starved of funds and it is clearly impossible for it to proceed with its forward programme which is necessary." Back page

Housing scheme

Proposals for the Budget to include a major extension of housing improvement schemes have been backed by senior ministers although the Treasury is still opposed to them. Back Page

Israel plea

Israeli Prime Minister Menahem Begin attacked the possibility of U.S. arms sales to Jordan and called on President Reagan to maintain Israel's military superiority. Page 4

Salvador clash

Fighting between El Salvadorean government troops and guerrillas around the eastern city of San Vicente left 20 dead, including an army barracks commander, official sources said.

Nigeria arrests

Two men and a woman with a loaded pistol were arrested at Kaduna airport, Nigeria, three hours after the Pope's arrival there.

Aid for Vietnam

India will give Vietnam aid worth £3.9m, despite a call by Thailand not to do so. Page 6

Dacca walk-out

All 38 opposition Awami League members walked out of the Bangladesh parliament after President Abdus Sattar's plea for a "well-knit and impeccable" democracy.

Penlee memorial

The Prime Minister attended a special memorial service at Truro Cathedral for the eight Penlee lifeboatmen who died in the disaster two months ago.

Climbers die

Three climbers, two men and a woman, were swept to their deaths in two avalanches on Ben Nevis, Scotland. Five more were injured.

Hall marries

National Theatre director Sir Peter Hall, 51, married mezzo-soprano Maria Ewing, 30, at the Metropolitan Opera, in New York.

Bassey ill

Singer Shirley Bassey, who was admitted to hospital at the weekend, has had to postpone a major British tour due to start on April 5.

Two time losers

A Bournemouth family who went to London because they thought they had won £70,000 in the Daily Mail bingo jackpot returned home to find burglars had stolen gold jewellery worth £2,500.

Briefly . . .

Mauritius will have its first general election since 1976 on June 11.

Indonesia deported Soviet airline Aeroflot's chief in Jakarta, an alleged spy.

Iran ordered out Japan's Kyodo news agency chief and shut its office.

Boxer Tommy "Hurricane" Jackson died in New York, aged 50.

BUSINESS

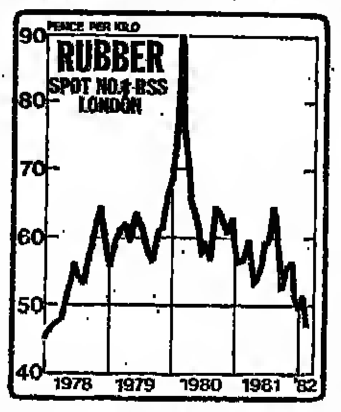
Dollar firmer; Equities off 6.4

● DOLLAR rose sharply after Friday's rise in U.S. money supply. It closed at DM 2.395 (DM 2.385), SwFr 1.92 (SwFr 1.9125) and Y240.75 (Y238.25). Its trade weighted index rose to 113.4 (112.7). Page 24

● STERLING lost 25 points to close at $1.8375 but was firmer against European currencies, rising to DM 4.4 (DM 4.39), SwFr 3.5275 (SwFr 3.52) and FFr 11.1575 (FFr 11.1125). Its trade weighted index rose to 91.7 (91.6). Page 24

● GOLD fell $3½ in London to $375½. Page 24

● RUBBER prices fell again in London, reflecting the continued lack of demand from the recession-hit tyre and car industries. The RSS No 1 spot price was cut 0.5p to 46.75p a kilo—the lowest level since April 1978. Page 35



● EQUITIES eased, awaiting Wall Street reaction to U.S. money growth. The FT 30-share index slipped 6.4 to 564.1. Page 36

● GILTS helped by sterling's continued firmness, rallied after early falls. The Government Securities index closed 0.25 down at 64.79. Page 36

● WALL STREET closed for public holiday.

● WEST GERMAN exports to the Arab world increased 49 per cent last year. Page 7

● CHINA set up a national offshore oil corporation and plans to ask foreign competitors to register an interest in bidding for exploration rights. Page 6

● UK CHEMICALS industry must spend more on research and development if it is to be competitive, says an official report. Page 7

● CEGB has asked the Government to relax financial limits so it can hold down electricity price rises planned for industry. Back Page

● SWEDISH unemployment reached a record 3.6 per cent of the labour force last month. Page 2

PORT EMPLOYERS are seeking Government aid to help finance further reductions in the registered dock workforce. Back Page

● DE LOREAN Motor Company executives will today meet Northern Ireland Secretary James Prior for talks on the group's future. Back Page; Belfast shipyard, Page 9

● TOYOTA MOTOR of Japan increased first half operating profit by 37 per cent to Y140.7bn (£325m). Page 27

● SYSTIME, the Leeds computer company, offered a tenth of its employees the opportunity of buying shares in the group. Page 8

● DRAKE and SCULL, the engineering group, increased taxable profits from £1.37m to £2.24m for the six months to end October. Page 20

● ANGLIAN WINDOWS, the window replacement group, is considering a public flotation on the Stock Exchange. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchqr 3pc 1983 ...	£94	+ 1
Assd Cmms A ...	84	+ 9
Booker McConnell	73	+ 4
Bowater ...	251	+ 11
Braswav ...	61½	+ 4½
Commercial Union	136	+ 4
Drake and Scull ...	52½	+ 8½
Dunlop ...	73	+ 3
Hanson 1J and J.1 A	100	+ 6
Eagle Star	360	+ 7
Horizon Travel ...	370	+ 20
ICI ...	350	+ 4
Johnson ...	122	+ 8
London Manchester	272	+ 18
Lucas Beoar	180	+ 8
Martin (R. P.) ...	393	+ 13
Potts Mnfg ...	160	+ 7
Pleasurama ...	395	+ 27
St George's Grp ...	97	+ 7
NCC Energy ...	108xd	+ 8½

FALLS

Exchqr 12pc 1998...£84½		— 1
Treas 7½pc '12-15...£59½		— 1
BICC ...	319	— 5
Willaire Systems...	9	— 6
ERGO ...	279	— 15
East Rand Prp ...	493	— 38
Gencor ...	875	— 45
Gld Mns Kalgoorlie	250	— 20
MIM Hldgs ...	170xd	— 7
Oakbridge ...	92	— 6
Rustenburg Plat ...	195	— 15
South African Land	172	— 24
Western Mining ...	212	— 5

Oil rig capsizes in Atlantic—84 feared dead

BY ROBERT GIBBENS IN MONTREAL

THE OCEAN RANGER, one of the largest oil drilling rigs in the world, capsized yesterday with 84 crew aboard, about 175 miles east of St. John's Newfoundland.

Nine hours after the rig keeled over in high seas, searchers had failed to find any survivors.

Late last night, however, two survival capsules were sighted downwind from the site of the capsize. Two lifeboats were seen earlier, but one appeared to be floating upside down and the other was partially sunk.

The rig, built by Mitsubishi Heavy Industries in Hiroshima, was launched in 1976 and owned by Ocean Drilling and Exploration of New Orleans. Mobil Oil, the operator, said it had been drilling off the Canadian coast for 18 months.

Two other semi-submersible rigs drilling in the area were safe according to Mobil.

Exploration so far indicates that production could start in 1987, although a great deal of development work remains. Any surface transportation system, including sub-sea production equipment and a storage barge has been proposed.

However weather conditions in that part of the North Atlantic can be vicious and even worse than the North Sea, and there is the iceberg danger in early summer.

Last weekend the Newfoundland Government clashed with the Federal Government over ownership of oil and gas found offshore. The Supreme Court is to be asked to arbitrate.

The Federal Government, under its omnibus oil and gas legislation, has taken powers to regulate offshore exploration, development and production. This has been contested by Newfoundland.

The accident will almost certainly encourage calls for much tighter supervision and safety regulation.

Ottawa last year set up an offshore administration department in the energy ministry with responsibility for tightening up procedures.

The worst oil rig disaster to date was in March, 1980, when the Alexander Kielland capsized in the Norwegian sector of the North Sea with the loss of 123 lives.

The rig, which had five legs, was sited in the Edda field which forms part of the Ekofisk complex. It was being used as a floating hotel when one of its five legs gave way.

The Alexander Kielland was a semi-submersible and had been built by the French-based Compagnie Francaise Enterprise Maritime.

The rig capsized quickly and there was little time for most of the men inside to escape which was one of the main reasons why so many lives were lost. Appalling weather conditions also hampered rescue attempts.

Mobil Oil said last night that the Ocean Ranger had four main legs—one at each corner—and four slimmer supporting legs positioned in two pairs on facing sides of the platform.

Accidents off the east coast are common during winter but this is the first major drilling rig disaster in the area since exploration started about 15 years ago.

Continued on Back Page

EEC to demand U.S. action on high interest rates

BY JOHN WYLES IN BRUSSELS

MR WILFRIED MARTENS, the Belgian Premier, and Mr Leo Tindemans, his Foreign Minister, are expected in Washington today to present an urgent plea from the EEC to President Ronald Reagan for prompt action to lower U.S. interest rates and stabilise the dollar.

Rising concern in Europe about the possible impact of Mr Reagan's projected 1983 budget deficit on U.S. and world interest rates was sharply focused during a lunchtime discussion of EEC Finance Ministers in Brussels.

As a result it was agreed that the Belgian leaders, whose country holds the Presidency of the EEC Council of Ministers, should stress the threat the U.S. policy is posing to the modest economic upturn expected in Europe in the second half of this year.

The message is not new, but the tone may be somewhat sharper than before.

Ministers agreed that Mr Martens and Mr Tindemans should avoid recommending specific policy changes to Mr Reagan when they see him in the White House tomorrow.

The Belgian leaders are expected to drive home the fear in Europe that the U.S. is leaving monetary policy, and therefore interest rates, to carry too much of the burden in the fight against U.S. inflation.

They may suggest that the Federal Reserve Board would be wise to scrap its practice of announcing the money supply figures every week because of their volatile impact on U.S. and international interest rates.

The EEC representatives are expected to be critical of what they see as the U.S. Administration's continuing policy of "benign neglect" of the dollar.

Belgium is particularly concerned about the need for international monetary reform, and the delegation is likely to put the case for transatlantic co-operation in management of exchange rates.

With a view to next month's EEC summit in Brussels the Finance Ministers agreed to seek proposals from the Commission, the Community committee and its central bank governors on improving the internal workings of the EMS, stepping up private use of the ECU, strengthening economic convergence and dealing with the dollar problem.

Mr Nicholas Ridley, Financial Secretary to the Treasury, said later that he thought Britain could support the final proposals. He said that other EEC members wanted sterling to join the exchange-rate system, but there was no change in the UK position.

Editorial comment, Page 18
Money markets, Page 24

Cast to sell half Atlantic operation

By Andrew Fisher and William Hall

MR FRANK NARBY has put half his Cast North Atlantic shipping operation up for sale at more than $100m (£54m) as a result of the group's financial problems.

The Canadian-controlled Cast, which has been undercutting other transatlantic cargo operators, also intends to pull out of the container rate war and add an unspecified surcharge to its charges this week.

The moves follow several days of talks in London last week between Mr Narby, whose family company owns 61 per cent of Eurocanadian Shipholdings, the Cast companies' parent, other Cast shareholders, bankers and South Korean shipbuilders.

From his Swiss headquarters Mr Narby said yesterday Eurocanadian had to make a major asset sale to secure financing for the group's large new ship programme.

All the shares in Cast Motorvessels, owner of three container/bulk carriers (conbulkers) being built in South Korea, are being offered for sale. The ships have been chartered to Cast Containers for 20 years.

Mr Narby also wants to sell half of Cast Containers, with its North American and European subsidiaries. The company owns 22,000 container units, cargo terminals, truck fleets and depots, and is the world's largest timecharterer of conbulkers. It is, Mr Narby said, profitable.

Cast Containerships, which has three conbulkers on order

Continued on Back Page
Merchant fleet prospects bleak, Page 9
Lex, Back Page

Howe faces more budget pressure as output falls

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INDUSTRIAL OUTPUT fell in December for the second consecutive month, according to official figures out yesterday.

The figures also suggest that the economic recovery, which began last spring, apparently faltered towards the end of the year.

The poor figures are likely to increase pressure from Conservative "wets" who want the Budget, in March, to be as expansionary as possible.

In December industrial production was 1 per cent less than in November which was itself down 1.7 per cent on October. Some of the December fall is put down, by Whitehall, to the effects of bad weather. Replies to the Confederation of British Industry's January survey of business opinion, however, suggest that the cold spell could not explain all of the recent fall in output.

In the last two months of 1981 industrial production fell by 2.7 per cent and manufacturing output by 4 per cent compared with the October figures when activity was at its highest for the year.

Consistent

Analysts at the CBI believe that the fall may result from a further reduction of stocks by manufacturers towards the end of the year. They also believe the figures are consistent with the CBI's view that its survey showed little evidence of a recovery in output. This contrasts with the Treasury's interpretation of the same survey which was a little more optimistic.

Because of the bad weather in January, it is not generally expected that there will be any marked improvement in the output figures when they appear next month.

For last year as a whole, industrial output was 5 per cent less than in 1980 and 11.5 per cent less than in 1979. Manufacturing output was 6.3 per cent down on 1980 and 14.5 less than it was in 1979.

Previous

Because of the relatively high output in October total production for the fourth quarter of 1981 was ½ per cent higher than in the previous quarter, but this was largely because of high output in the energy sector. Manufacturing output was unchanged between the two quarters but was some 2 per cent above the low level in the spring.

North Sea oil and gas production reached a record in the fourth quarter of 1981 when it was 11 per cent higher than a year previously.

For 1981 as a whole, production of the consumer goods industries was 5 per cent less than a year earlier, engineering output was down 9 per cent, textiles leather and clothing down 10 per cent and food, drink and tobacco production was down 3 per cent.

Bruce-Gardyne warns against increase in public borrowing, Page 12

£ in New York

—	Feb. 15	previous
Spot	$1.8300-8350	$1.8445-8460
1 month	0.28-0.33 pm	0.24-0.30 pm
3 months	0.82-0.87 pm	0.79-0.57 pm
12 months	2.60-2.70 pm	2.40-2.60 pm

Iran cuts oil price by $1 a barrel

BY RAY DAFTER AND PATRICK COCKBURN

IRAN HAS cut the price of its crude oil by another $1 a barrel. The move, coinciding with a further fall in spot prices, has added to the chaos in the world oil market and renewed the pressure for an emergency meeting of the Organisation of Petroleum Exporting Countries (Opec).

The state-run National Iranian Oil Company (NIOC) said yesterday that the reductions would be back-dated to February 12. The new prices are $32.20 a barrel for Iranian light crude and $30.30 for the main heavy grade.

The reductions make Iran's oil the cheapest in the Middle East.

Iran has now cut its price three times this year. The previous reduction—also $1 a barrel—came only last week.

Faced with financing the continuing war with Iraq, the country is making increasingly desperate efforts to raise its exports from 500,000 barrels a day to 700,000.

Nevertheless, despite the price cuts Iran may still find it difficult to attract new customers from the weak spot market. Traders in London said yesterday that the rate for spot cargoes of Arab light crude had fallen to about $30 a barrel, more than $4 below mid-January prices.

North Sea prices also continued to slide in the spot market. Grades similar to Forties Field crude were said to be valued at between $30.75 and $31 a barrel—at least $4 a barrel below contract levels.

If spot prices remain depressed, or fall further, major refiners will probably

Continued on Back Page
Domestic gas prices rise, Page 10

Heron will increase ACC bid

BY JOHN MOORE AND RAYMOND HUGHES

HERON Corporation, the private company headed by Mr Gerald Ronson, will increase its £46.6m for Associated Communication Corporation. The move comes in a rapidly developing auction between Heron and Mr Robert Holmes à Court, the Australian entrepreneur, for control of ACC which has largely been forced by a series of legal actions mounted by Heron in the UK courts.

At the weekend Mr Holmes à Court told the board of ACC, which he has chaired since Lord Grade stepped down last month, that he intended to raise his original offer from £36m to £46.6m to match an offer by Heron Corporation.

The Australian's initiative was made in an effort to wreck Heron's courtroom attempts yesterday to block the transfer of nearly 64 per cent of the voting shares by ACC directors to Mr Holmes à Court.

But Heron said yesterday that after studying the latest terms of Mr Holmes à Court, and receiving further financial details, it would make a new offer.

In other behind the scenes moves last week, Mr Holmes à Court reinforced the support of the ACC board by seeking a pledge of loyalty from the ACC directors for his takeover attempts.

The latest round of bid and counterbid was mentioned in the Appeal Court yesterday, when Heron challenged a High Court judge's refusal to stop the ACC directors transferring their shares to Mr Holmes à Court.

Lord Justice Lawton said: "I and my brethren are not sitting here as a court of auctioneers, knocking the company down to the highest bidder in court."

Since the case was last before the court, two more ACC non-voting shareholders have joined Heron as plaintiffs. They are Sun Alliance, with 675,000 shares, and SAL Pension Fund, with 200,000 shares.

Last month Mr Justice Vinelott refused to grant either of the temporary injunctions sought by the Heron faction: to stop the share transfer to Mr Holmes à Court, and to prevent the ACC directors implementing the terms of an agreement with the Independent Broadcasting Authority, in which the IBA imposed conditions for its approval of the shares transfers, unless the agreement was ratified by ACC's shareholders at an extraordinary general meeting.

● The petition by the Post Office Pension Fund, which is leading opposition to the proposed payment of £560,000 for loss of office to Mr Jack Gill, former deputy to Lord Grade at ACC, was adjourned yesterday for a further fortnight.

Lex, Back Page

CONTENTS

For latest Share Index phone 01-246 8026

MPs question Netherlands gas deal

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government is under strong pressure to increase its stake in the profits which Royal Dutch Shell and Esso make on the Netherlands gas reserves. The previous Cabinet agreed not to step up its share in these profits in return for a commitment from the oil companies to make Fl 36bn (£7.5bn) worth of investments in the country over the next 10 years.

Senior officials of the two companies threatened to scrap their investment plans if the Government goes back on the agreement reached in 1980.

Mr Jan Terlouw, the Economic Minister, said last Friday that he saw no reason to doubt that the companies would meet their obligations, but a large number of MPs are not satisfied with this assurance. The Cabinet plans further discussions of the issue when it meets again this Friday.

The Labour Party, one of the three partners in the ruling coalition, is keen to increase the Government's share of oil company profits to help finance job creation measures. The Christian Democrats, the senior government partner, are less convinced of the need to do this but want to know more details of the gentleman's agreement with the companies.

MPs from both parties pressed the Government to say whether investment premiums are included in the commitments made by the two oil companies and whether the spending is on new or replacement equipment. They also want to know if any spending will take place outside the Netherlands.

Shell and Esso each have a quarter share in the country's natural gas output and earnings. The Government already takes about 85 per cent of their gross gas revenues, in the form of duty and taxes.

Officials of the two companies warned that if the Government went back on its agreement it would damage its credibility with foreign investors.

● Investment levels in the Netherlands continued to fall in the third quarter of 1981, though the decline was less steep than in the preceding two quarters. Spending fell by 7 per cent in volume in the third quarter compared with the same 1980 period, the central statistical office said. Investments were 11 per cent down in the first nine months.

The overall decline reflected a fall in private industry's spending and an increase in government outlays. The downturn has led to a reduction of imports.

Mr Jan Terlouw

Brendan Keenan in Dublin finds fresh realism on the energy front

Irish oil search enters new stage

THE EXCITEMENT surrounding the Irish general election has meant that less attention than expected has been paid to the second round of bidding for offshore oil licences, applications for which closed at the end of last month.

The licensing round represents a significant new stage in the search for Irish oil: instead of the former "open door" policy, under which companies were allowed to bid more or less at random for licences, a total of 108 redesignated blocks were put up for auction by the Government last year.

The new round is taking place because of the expiry of Marathon's and Esso's original rights to about 50 blocks—which came under their control when the oil search began some 20 years ago—off the south coast.

On this occasion, the luck of the Irish has run out to some degree. The contrast in the oil business now compared with 18 months ago, when applications were invited, could not be more striking.

Oil prices are down and still falling, companies are nervously holding on to their cash, and last year's offshore results were distinctly disappointing.

As a result, companies' interest in offshore licences has been modest. About 35 companies have bid, but for less than half the blocks. Some of the major oil companies are missing, such as Amoco and Mobil, although BP is taking part and BNOC is making its first venture into Irish waters.

However, from the point of view of the Petroleum Affairs Division in the Irish Department of Energy all is far from lost. Some of the objectives of the round look like being met to a reasonable degree.

One of these is to increase exploration off the south coast and in the Irish Sea. In these areas, the water is less than 400 ft deep and a modest field could be developed quickly. Ireland's heavy dependence on imported oil makes this an important consideration.

Modern seismic techniques have also made it possible to penetrate the layer of chalk which covers much of the area and provide much better information than was available to the former licence holders, Marathon and Esso.

Experts were encouraged by the well drilled in the Fastnet Basin last season by Cities Services, which found shows of oil in an area where none had been encountered before.

The division is also keen to encourage drilling off the east coast, particularly for gas. The Government's desire to construct a natural gas pipeline network to serve Dublin, most major southern towns and probably Belfast, makes gas almost as attractive a proposition as oil.

There is likely to be some tough bargaining, however, over who gets which blocks. Not surprisingly, the more attractive prospects have been over-subscribed. The Government hopes to nudge the companies towards more marginal areas.

Although the Government aims to maximise drilling commitments, there is little chance that it will change its published licensing terms—such as its right to take up to half of any discovery—as some in the industry have advocated.

However, the Department of Energy has always said that these terms are negotiable in the sense that, if a company with a discovery can show that the terms are hindering development, the Government is prepared to be flexible.

The department hopes to allocate the blocks by May, so that some work can be done this year. Possibly one or two second round wells could be drilled this year, but overall, a continuation of the present average of seven to 10 wells a year seems the likely outcome of the round.

All this goes on against a background of continuing doubt about the prospects off the west coast, in the Porcupine Basin. The only oil discoveries so far have been made out in the Porcupine Basin, but they have not been deemed commercial.

The major development this year seems likely to be BP's decision to use the relatively new and expensive three dimensional seismic technique to evaluate the complex structure in its 26-28 block.

BP is reported to be still "thinking positively" about this prospect, although the failure of two wells drilled there last year clearly reduces the possibility of a large field in the structure.

There is even more mystery about the status of the Phillips discovery, some 40 miles south of BP's block. The well drilled there last year produced small quantities of oil, but the Government's hopes that Phillips would stimulate it artificially were thwarted for safety reasons.

The Government wants Phillips to press ahead with further evaluation of what is said to be a large structure, but it is far from clear if the company is even prepared to return to the prospect.

Apart from these two areas, the Porcupine Basin is now likely to figure more as a long-term bet for the day when oil is much more expensive and technology more advanced.

Oslo takes 'silver block' from Statoil

STATOIL, the Norwegian national oil company, is to lose its position of operator on the promising "silver block" in Norway's sector of the North Sea, writes Kay Gjester in Oslo.

The Government announced at the weekend that it was transferring the operatorship to Norsk Hydro, Norway's largest industrial concern. Hydro put in a bid some time ago, arguing that it had the knowledge and expertise to handle both the present exploration phase and the preparation of plans to bring the field into production.

The Oil Ministry said the move did not necessarily mean that the block would be the next field earmarked for development. Giving the operatorship to Hydro was a way of spreading significant tasks more evenly among Norwegian oil companies, in line with Conservative party policy.

Productivity fall

The rate of growth in hourly productivity of West German manufacturing industry is expected to fall to an annual 3 per cent in the period 1981-85 from around 3.5 per cent in 1976-80, according to a report prepared for the federal Labour Office, Reuter reports from Nuremberg.

French use less oil

Consumption of petroleum products in France fell noticeably in the year to January 31, according to latest data released by the Industry, AP-DJ reports from Paris. Deliveries of petrol in the period totalled 23,957,400 cubic metres, or 1.7 per cent less than in the previous 12-month period. The biggest drop was in deliveries of heavy fuel to thermal power stations thanks to the greater contribution of nuclear power to France's energy needs.

Cheysson for Bonn

France's External Affairs Minister, M Claude Cheysson, will pay a day-long visit to Bonn on Thursday for talks with Herr Hans Dietrich Genscher, his West German counterpart, Reuter reports.

Company threatens to suspend Basque nuclear power plant

BY ROBERT GRAHAM IN MADRID

SPAIN'S largest private utility, Iberdnero, yesterday threatened to suspend indefinitely all work on its controversial Lemoniz nuclear power plant near Bilbao. Sr Manuel Gomez de Pablos, the company's chairman, told a news conference that there was no other option if the Government could not decide on how to protect and control the plant.

Iberduero has spent more than $1.5bn on the plant whose two 930 MW units are more than two-thirds complete. Since last February, all technical work has been paralysed following the assassination of Sr Jose Maria Ryan, the chief engineer, by Eta, the militant Basque separatist organisation, which has vowed to prevent the plant functioning. Attacks by Eta on Lemoniz and Iberduero installations in the Basque country have so far cost $25m.

Sr Gomez de Pablos said yesterday that Lemoniz had become e political problems. Iberduero reportedly was ready last Saturday to suspend all work, laying off 3,700 construction and site workers. It was persuaded against this after e last-minute meeting with Sr Ignacio Bayon, the Industry Minister. Another meeting is due on Wednesday.

For more than six months various formulas have been floated to accommodate the conflicting interests of the company, the Basque government and Madrid. Iberduero argues that it cannot continue while basic security is not guaranteed both for tbe plant and personnel, and there is no clear political will to see Lemoniz operational.

Spain's foreign trade deficit reached Pta 1.082 trillion (million million) (£5.8bn) last year, according to the Economic and Commerce Ministry, AP-DJ reports from Madrid. The deficit in 1980 was Pta 957.47bn (£5.17bn). Imports dnring 1981 rose 21.1 per cent above a year earlier to Pte 2.97 trillion £16bn), and exports increased 26.5 per cent to Pta 1.888 trillion (£10bn).

The Basque administration wants the plant operating, but only on condition that it can exercise control over security, safety and some management.

The Spanish Government is committed to see the plant working but is reluctant to concede too great a degree of control to the Basque regional authorities.

Coupled with all this, is the consideration of nationalisation, which both the Madrid Government and Iberduero, are anxious to side-step since the bulk of power generation is still in private hands connected with the most important financial interests in the country.

One of the proposals being studied is that a joint operating company be formed in which both Iberduero, the Spanish state and the Basque government take shares.

Sr Gomez de Pablos said yesterday that even with a solution to the problem, it would take between one year and 14 months before Lemoniz first unit could be started up.

Lemoniz currently represents under 20 per cent of the replaceable value of Iberduero assets.

Current account deficit falling, says Ciampi

ROME — Italy's seasonally adjusted current account balance of payments deficit fell to under L1,000bn (£426m) in the fourth quarter of last year from more than L4,000bn (£1.7bn) in the first quarter, Sig Carlo Ciampi, the governor of the Bank of Italy, said yesterday.

For the whole year, first estimates indicate a slight increase in the deficit to around L9,000bn from L8,400bn in 1980.

Bank of Italy figures published earlier showed the overall balance of payments turned round to a provisional full year surplus of L1,900bn (£810m) from a deficit of nearly L6,400bn (£2.7bn) the previous year.

Sig Ciampi said the slight worsening of the current account position for the full year reflected mainly the impact of the U.S. dollar's strength on the cost of oil purchases. Reuter

Swedish unemployed at record level

By William Dullforce in Stockholm

UNEMPLOYMENT IN Sweden last month reached the highest figure recorded since the statistical central bureau started its monthly reports in 1970.

The number without jobs was 153,000 which is 45,000 more than in January 1981, and equal to 3.6 per cent of the labour force. A further 139,500 people were engaged in emergency work, training schemes or other subsidised forms of employment.

January is usually the worst month for unemployment but the plunge of 80,000 in the total number of those with jobs between December and January this year was particularly sharp. The larger part of the decrease occurred within manufacturing and building.

The Labour Market Board warned last week that unemployment among building workers threatened to be even worse next winter. It handed the Government a list of public works projects—calling for investments of around SKr 4bn (£375m) — which could be atarted next autumn.

The minority centre-liberal coalition, however, is operating with a budget deficit equal to 13 per cent of the gross national product and is seeking to curb public spending. It has eased the job security laws to encourage companies to take on young workers.

The youth unemployment rate climbed to 9.4 per cent last month, with 61,000 people between the ages of 16 and 24 out of work. This was over 20,000 more than in January last year.

With a general election due in September, the Government rests its hopes on an improvement in output and employment in the export industries, whose competitive position has been strengthened by the devaluation of the krona last September.

Preliminary estimates for the last quarter of 1981 offer some encouraging signs. Industry's order intake grew by 5 per cent compared with the last three months of 1980. Export orders showed a 22 per cent lift.

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Poland's future hangs on party fight, says MP

BY LESLIE COLITT IN BERLIN

A MEMBER of the Polish Parliament said yesterday that a struggle was under way within the Polish Communist leadership, the outcome of which would "determine the future of Poland."

Mr Edmund Meclewski, an independent member of the Sejm since 1972, told a West German conference on Poland in Sankelmark that this struggle was the reason the party leadership had been unable to convene a plenary session of the Central Committee.

A member of the Sejm's foreign affairs committee, Mr Meclewski said the Communist leadership, headed by General Wojciech Jaruzelski, was apparently undecided whether to "retaliate" against officials of the Solidarity union or to show what he termed "far-sighted generosity."

The imposition of martial law, he said would go down in Polish history as a "defeat for existing Socialism" — the term used in Eastern Europe to define the ruling Communist system. He noted, however, it was an "act of self-defence" as "we were on the brink of a catastrophic civil war."

Mr Meclewski said there could be no return to the political conditions which had existed before Solidarity was founded in 1980 or to the strikes and protests of last autumn. Either condition would spell catastrophe for Poland.

A "major national understanding" between the Communist Party of Poland, the Catholic Church and Solidarity was essential, he said and was not impossible to achieve.

Mr Meclewski said he was convinced that independent unions would soon have to be established which, at first, would operate on a modest scale. He said it was "not out of the question" that the leader of Solidarity, Mr Lech Walesa, now interned, would participate.

The organisers of the conference said that the West German embassy in Warsaw had refused to grant visas to several Polish officials who had been invited to attend.

James Buchan adds from Bonn: Herr Herbert Wehner parliamentary floor leader of the Social Democrat Party (SPD), the main partner in Bonn's ruling coalition Government, will hold talks with Polish leaders in Warsaw at the weekend. This will mark the first visit to Poland by a leading West German politician since the imposition of martial law.

However, the party stressed yesterday that Herr Wehner was making his journey in a private capacity. "Herbert Wehner paid for his ticket himself," a party official said.

The suggestion is that the Federal Government does not wish to be formally associated with Herr Wehner's visit, especially as the cabinet is due tomorrow to debate a series of measures against Warsaw and the Soviet Union in response to military rule in Poland.

Reuter reports from Warsaw: It was announced yesterday that 162 people—many of them high school and university students—were "punished by misdemeanour courts" after the weekend disturbances in the western city of Poznan. Trouble arose after an anti-Government demonstration.

The regional defence committee has since decided to tighten martial law restrictions in Poznan. Cinemas and theatres have been closed, and the use of private cars banned.

Travellers reaching Warsaw from other parts of Poland yesterday reported heavy police patrols and security measures in the Baltic port of Gdansk, birthplace of Solidarity, but said there was no sign of trouble.

West German property scandal embarrasses unions

BY KEVIN DONE IN FRANKFURT

FOR MANY years, it was said unkindly of West Germany's leading property developer that, after the Royal Air Force, it had destroyed the Federal Republic of a second time. Instead of Neue Heimat—New Home—it became known as Teure Heimat — Expensive Home—but until last week the jibes and attacks had never slowed its progress towards becoming the largest housing management concern in Western Europe.

Neue Heimat has changed overnight from being the flagship of the West German trade union movement—it is wholly owned by the unions—to becoming the movement's biggest embarrassment. The private business affairs of Neue Heimat's self-confident chairman, Herr Albert Vietor, and of some of his colleagues on the board, have cost them their jobs. The union movement feels [illegible] reputation has been damaged and certainly the credibility of union leaders has been dealt a severe blow.

The latest scandal [illegible]ing Neue Heimat began [illegible] revelations in Der Spiegel, [illegible] weekly news magazine, [illegible] Herr Vietor's private business affairs. Behind front men [illegible] cover companies, he had [illegible], claimed the magazine, his position at Neue Heimat to amass consi[illegible]rivate means.

The [illegible]hit the target. At first, [illegible] was rife with talk of le[illegible]ons, but then Herr Vie[illegible]n by many in the com[illegible] "King Albert," iss[illegible]ement in the name of [illegible] admitting the substa[illegible]many of the Spiegel all[illegible], contesting only th[illegible]erpretation as "malic[illegible] incorrect."

[illegible] Vietor's attempt at c[illegible]ttack misfired. After [illegible] appearing impregnable t[illegible]e criticism, the grocer's [illegible] joined Neue Heimat [illegible] with only an elemen[illegible]education—he became [illegible]an in 1963—misjudged [illegible]se of let-down, the out[illegible] which was swelling up [illegible] the grass-roots of the [illegible]s' membership.

[illegible]ue Heimat is one third [illegible]d by the DGB, the trade [illegible]n federation, and two thirds [illegible]17 individual unions, led by [illegible] Metall, West Germany's [illegible]st powerful union. It is [illegible]posed—in the words of the [illegible]B—to "translate into reality [illegible] exemplary fashion the social [illegible]d political demands of the [illegible]ade unions." Set up in the [illegible]te 1920s to provide housing for the poor and socially-deprived, it is still expected to act today as a counter-weight to private enterprise capitalism, and to work for the community's benefit.

As a company virtually with the status of a charitable institution, the home-building operations of Neue Heimat—not its wider commercial and industrial property operations—are relieved of paying certain corporate taxes on earnings and capital. At the same time, it can only pay limited dividends to shareholders.

Herr Vietor's statement only served to increase ordinary union members' anger and showed no understanding of Neue Heimat's special status. "I've done nothing more than any other citizen," he told Bild, West Germany's highest circulation popular daily newspaper. "I've made use of the tax advantages offered by the state for investments which they hold to be of use for the general economy."

The investments mean that the head of the country's biggest social building concern, on his own admission, now owns about 24 flats in Hamburg and holds shares in a further 217 appartments in West Berlin. In addition, he is a partner in three companies which run four heat generation stations supplying district heating to around 8,000 Neue Heimat homes in Lübeck and Berlin. His direct salary from Neue Heimat of DM 524,000 (£119,000) a year puts him among the top earners in West German industry.

Herr Vietor admitted openly last week that he and some other board members held sleeping partnerships in a property development company, Wölbern-Bau. The affairs of Wölbern-Bau were supervised directly by Neue Heimat. Such partnerships were neither illegal nor dishonourable, said Herr Vietor.

"Board members of a building company should not be reproached," said Herr Vietor, "if they select property developments for private investment, where they can judge personally how the business is carried out."

More to the point for the union bosses themselves, Herr Vietor implied that the supervisory board of Neue Heimat, chaired by Herr Heinz Oskar Vetter, who is also chairman of the West German trade union federation, was fully aware of senior executive's private property holdings. Herr Vietor claimed: "In 1957, the supervisory board declared that it was desirable that such property interests should be held in the form of shareholdings."

Last week, Herr Vetter flew directly back from an audience with the Pope in the Vatican to a crisis meeting of the trade union federation executive in Hamburg. "There is a legal judgment, but there is also a question of politics and of morality. Trade union-owned companies should not simply imitate what might be customary in the rest of industry," he declared damningly. Herr Vetter said he knew nothing of Herr Vietor's private business interests.

Furthermore, Herr Vetter refused to be photographed beside Herr Vietor after the meeting. The union leaders, as members of the DGB executive, called on the Neue Heimat supervisory board to suspend indefinitely the entire executive board, pending an investigation of the Der Spiegel allegations.

Changing their hats to become supervisory board members last weekend, they went further. Herr Vietor and two other members of the Neue Heimat executive, Herr Wolfgang Vormbrock and Herr Harro Iden were summarily dismissed from their posts. Three other board members, Herr Rolf Dehnkampf, Herr Peter Dresel and Herr Horst Städter were suspended for the duration of the independent inquiry, to be carried out by a leading firm of chartered accountants.

Aware of the vacuum they were creating, the union leaders appointed with immediate effect a new chairman to replace Herr Vietor, Dr Diether Hoffmann, until yesterday joint chief executive of the trade unions' bank, Bank für Gemeinwirtschaft (BfG), the ninth largest bank in the Federal Republic.

The task Herr Hoffmann faces of rebuilding Neue Heimat's tarnished reputation is in itself daunting enough. But he is also taking over control of a property giant whose business operations have run into serious problems recently.

With an annual turnover of DM6.5bn and a workforce of 5,700, Neue Heimat has been expanding rapidly into property development in countries such as Brazil, Venezuela and Mexico, as well as in other parts of Europe. But some of the projects have resulted in daunting losses. The unions had to pump DM 220m extra equity capital late last year into Neue Heimat Städtebau, its general property developing arm.

The company has recently been put under the magnifying glass by McKinsey, the management consultants, which reported that Neue Heimat ran up operating losses of DM 529m from 1973 to 1980 in its home building operations. Since the Second World War, Neue Heimat has built well over 500,000 homes in West Germany

Brussels bars deal on sulphur

By John Wyles in Brussels

THE CANADIAN company, Cansulex, and France's Societe Nationale Elf Aquitane (Production) (SNEAP), have been forced to abandon an agreement on sulphur distribution in Europe because of opposition by the European Commission.

The Commission argued that the deal was a prima facie breach of the EEC's competition rules. SNEAP is Cansulex's main competitor in the Community market for sulphur and the Canadian company's product has been marketed by a small independent distributor.

According to the Commission, the agreement transferring sole distribution rights for Cansulex's sulphur from this distributor to SNEAP would have enabled the French company to restrict existing competition by controlling the sale of Canadian sulphur in Europe.

Brussels also had in mind the potential strengthening of SNEAP's market position from its acquisition of Texas Gulf which has a stake in important sources of sulphur supply from Arab countries.

It argues that Cansulex sulphur must be sold through independent channels if a "further deterioration in the market structure is to be avoided."

West German wage talks deadlocked

HOPES of an early settlement in the wage negotiations in the West German metal industry were fading yesterday when, after a five-hour meeting, the third round of negotiations in North Rhine Westphalia region collapsed, writes Stewart Fleming in Frankfurt.

French incomes policy faces union test today

BY DAVID HOUSEGO IN PARIS

THE FRENCH administration's ability to achieve trade union acceptance of an incomes policy faces a major test today when talks resume on this year's civil service pay rise and national negotiations start over increases in the minimum wage.

Employers and unions in the metal-working industry, which employs 2m people, will also be meeting today, in a bid to resolve their dispute over the introduction of the 39-hour week.

The industry has been holding out against fully compensating employees for the shift to the shorter working week. President Mitterrand said last week that workers should suffer no loss of salary.

All three sets of talks take place against a background of intermittent industrial unrest and a hardening of views both by employers and unions.

M. Yvon Gattaz, head of the employers' federation, said over the weekend that the Government's ruling over payment for the shorter working week was "very dangerous."

He claimed that this, and the extension of a full fifth week's paid holiday, would cost industry an additional FFr 65bn

In the civil service talks, which affect 4m people, unions are looking for an improved offer from the Government on last week's proposals of staggered increases over the year amounting to 10.5 per cent.

This formula was urged by M Jacques Delors, the Finance Minister, in an attempt to bring down the rate of inflation from last year's 14 per cent. But it has been rejected by unions because it meant a loss of purchasing power and contains inadequate provisions for the lower paid.

The formula includes a safeguard clause to protect earnings against an inflation rate higher than the 10 per cent target which the Government is aiming for by the end of the year.

In the negotiations over the minimum wage, the Government has to decide whether to carry through the assumptions written into its intermediate plan for 1982-83. This would involve granting increases in real purchasing power of 5-7 per cent over the two years for the lowest-paid workers.

The importance of the civil service and the minimum wages talks is in the knock-on effect they could have on wages throughout industry.

E. Germany tightens belt as Soviet oil curb bites

BY LESLIE COLITT IN BERLIN

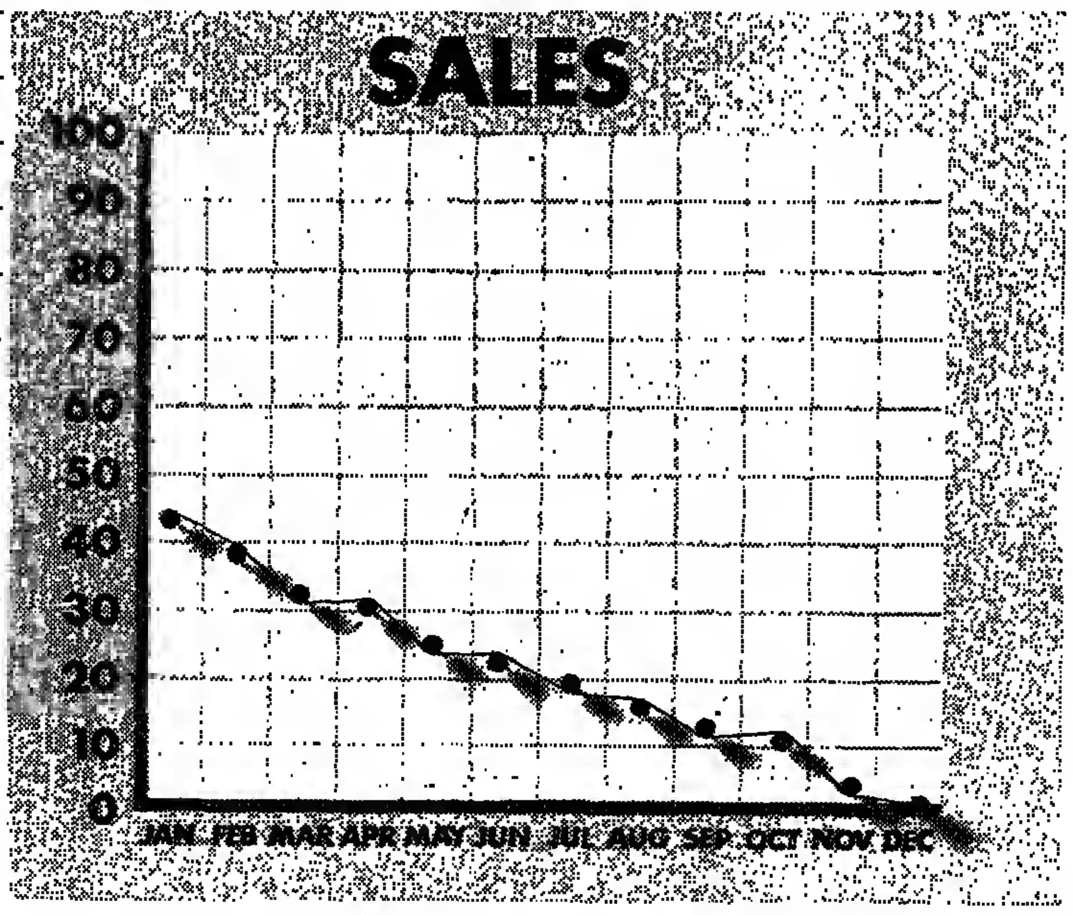
THE SOVIET UNION's increased sale of oil to the West and reductions in its deliveries to Eastern Europe have forced East Germany to alter several of its current five-year planned targets. President Erich Honecker said his country will have to slash fodder imports, which come largely from the U.S., because of what he called "changed external market conditions."

East European trade officials said this was a euphemism for the accelerated Soviet delivery of oil to the West, in order to pay for massive imports of grain from the U.S. and other countries. Moscow's allies are consequently receiving 10 per cent less oil this year than was agreed on last year.

East Germany imported just over 2m tonnes of U.S. grain last year for $370m. Herr Honecker said that meat and milk production would have to be based on domestic fodder. The country's per capita consumption of meat and meat products, at more than 90 kg, is the highest of any Communist country.

Herr Honecker told regional party officials that the mining of lignite, East Germany's most important fuel, will have to be boosted to 295m tonnes a year by 1985. This is 5m more than the original target. He noted that East Germany could not use more "oil than we have" and said domestic lignite would have to replace imported oil and hard coal wherever possible.

Petrol consumption must be radically reduced, he said. A newspaper in Leipzig has reported that television repairmen are no longer making house visits as they have not been allotted petrol for their vehicles.



Israel asks U.S. not to sell F16s to Jordan

BY DAVID LENNON IN TEL AVIV

ISRAEL CALLED on the U.S. yesterday not to go ahead with the sale of sophisticated F-16 fighter aircraft and mobile Hawk anti-aircraft missiles to Jordan.

Mr Menahem Begin, the Prime Minister, said such sales would endanger Israel's military superiority in the region.

Opening a Knesset (Parliament) debate on the proposed arms sale, Mr Begin said that President Ronald Reagan had promised Israel that the U.S. would protect Israel's qualitative military superiority.

The Knesset later voted overwhelmingly to express "deep concern" over the possible sales to Jordan.

Mr Begin said that Jordanian-Iraqi military ties, which are currently directed against Iran, would in time be directed against Israel. If war were to break out in the region, Israel would be faced with a combined military strength of 9,000 tanks, 1,400 planes and 6,000 artillery pieces, he added.

The Premier said he was not yet sure whether recent anti-Israel statements made during the visit to Jordan of Mr Caspar Weinberger, the U.S. Secretary of Defence, were a reflection of a new U.S. policy towards Israel, or merely an expression of Mr Weinberger's personal attitude towards the Middle East.

Reginald Dale, U.S. Editor, adds from Washington: Mr Moshe Arens, the new Israeli ambassador to the U.S., is expected to raise the issue of possible U.S. arms sales to Jordan with Mr Alexander Haig, the Secretary of State, when he presents his credentials in Washington today.

Mr Arens is likely to receive a more sympathetic hearing from Mr Haig than he would from Mr Weinberger.

Mr Weinberger's seemingly pro-Arab remarks have again raised the question in Washington of who is really running U.S. foreign policy—Mr Haig or Mr Weinberger, who is closer to President Ronald Reagan.

Asked about a comment by one of Mr Weinberger's senior aides that U.S. policy was to "redirect" military support away from Israel towards the Arabs, Mr Haig said "redirect" was an incorrect word and reaffirmed Mr Reagan's support for Israel.

The Israelis and their supporters in the U.S. have long felt that Mr Haig is more sympathetic to their interests than Mr Weinberger, given that Mr Haig attaches greater strategic importance to U.S. relations with Israel.

Quebec Party pledge

BY VICTOR MACKIE IN OTTAWA

THE PARTI QUEBECOIS Government in Quebec will fight the next provincial election on the issue of independence, Mr René Levesque, Quebec's Premier, has pledged.

If the PQ won more than 50 per cent of the popular vote it would "begin the independence process," Mr Levesque told the party's eighth convention at the week-end. In that event Quebec would offer an economic association with the rest of Canada.

But if the PQ won the election with less than 50 per cent of the popular vote, Quebec would hold a referendum on independence.

This would contain the text of the proposed Quebec constitution, and begin with the words: "Quebec is a sovereign state."

Mr Levesque down-played discussion of such a referendum, saying he did not want to try to predict the future. He said his Government's immediate concerns were the economy, and predicted the "crunch will come over the next 12 to 18 months: economic, financial and budgetary."

Mr Levesque emerged from the convention with an overwhelming vote of confidence. He was obviously delighted that the 1,710 delegates restored to the party's platform the planks on which he staked his political future.

Nicaraguan business leaders released

By William Chislett in Mexico City

THE LEFT-WING Nicaraguan Government has released three businessmen who were jailed four months ago for allegedly undermining the country's tottering economy.

The three, including Sr Enrique Dreyfus, the head of Nicaragua's private businessman's association Cosep, were set free on Sunday after paying $10,000 (£5,400) bail each.

The businessmen had written an open letter to the Sandinista Government accusing it of breaking its promise to create a mixed economy and a democracy by pursuing a "Marxist" line. Their letter contravened the decreed state of economic emergency.

The private sector backed the Sandinistas when they overthrew the right-wing regime of General Somoza in 1979. But soon afterwards businessmen became disillusioned with the Government.

The private sector still controls about half the economy, which was shattered by the war against Gen. Somoza, but it is refusing to make fresh investments.

Reagan silent over report

President Ronald Reagan has refused to comment on a report that he approved a plan to help foreign governments disrupt alleged Cuban-Nicaraguan supply lines to Salvadoran guerrillas, AP-DJ reports from Washington.

"This is something that I couldn't comment on either way," Mr Reagan said when asked about a Washington Post report that he had authorised a programme to develop contingency plans and covertly encourage counter-insurgency efforts by friendly Latin American governments.

Salvador clashes

Salvadorean Government troops have engaged in fierce clashes with left-wing guerrillas in the province of San Vicente, according to the armed forces, Reuter reports from San Salvador.

Task of selling Ford deal to workers begins

BY IAN HARGREAVES IN NEW YORK

THE TRICKY TASK of selling the radical but still tentative contract between Ford and its U.S. workforce began in earnest yesterday, but will take several weeks to complete.

It is hard to judge the likely level of local resistance to a deal which trades fringe benefits and a nine-month wage freeze for increased job security and profit sharing.

The answer, however, will be of great importance for the U.S. labour movement.

The Ford contract is being promoted as one of the most significant steps in the so-called "Japanisation" of U.S. industry. The Japanese concept of lifetime job security will be tested at two Ford plants. Senior workers will have a guaranteed level of earnings for life, and profits — once Ford starts to make them again — will be shared, just as they are with some white-collar workers.

These are sophisticated concepts to communicate in union halls accustomed for half a century to the language of confrontation. Mr Douglas Fraser, president of the United Auto Workers' Union, and an outstanding labour leader, has staked his reputation on the belief that change is possible.

The argument opposing Mr Fraser was well summarised in an article in yesterday's New York Times, written by Martin Douglas, an assembly line worker at a General Motors plant in California.

Mr Douglas paints a picture of a GM management isolated, ignorant and uncaring, and prone to communicate even vital information about plant closures and mass lay-offs through local newspapers.

"GM expects two things of a worker: come to work and do what you are told. There is no sense of teamwork or working together to solve common problems . . . even now, we are not being asked to make sacrifices. We are being told that if we don't our jobs will be shipped overseas," he says.

As for the repeated charge that Detroit must narrow the $7 per hour labour cost gap with Japan or die, Mr Douglas comments specifically on GM's unwillingness to offer Japanese-style employment benefits and job security.

"Instead, GM wants to cut my pay to that of my Japanese counterpart, and close the plant whenever by so doing it will maximise profits."

If GM had offered to share profits when profits existed, things might have been different. He tells the company: "You should have come a little earlier when times were good and we could have gotten to know each other. If you had, I would now be more willing to help."

There is no doubt that these convictions are widespread on the assembly line and that it was the resurfacing of such opinion within the council of GM local branch leaders which two weeks ago killed a contract proposal Mr Fraser was ready to recommend.

GM also made a mistake by basing its proposal on wage and benefit cuts linked to car price reductions. GM workers simply assumed this was a device to increase profits in which they would not share.

Are things any different at Ford? Yes, says Mr Fraser. Ford's losses—more than $1bn (£540m) last year—have been heavier and occurred sooner, so the company started to communicate and show willingness to compromise earlier.

Ford management, unlike GM, has for example backed strongly a number of UAW political campaigns on restricting Japanese car imports, whereas GM has sought to maintain its position as the elder statesman of America's free enterprise capitalism.

Mr Fraser will find out tomorrow when the council of Ford's union branch leaders meet in Chicago whether he has read the signs correctly. After that, the rank and file will make a final vote.

Jimmy Burns, in Buenos Aires, reports on the anarchy of price increases

Sceptical Argentina struggles with inflation

ARGENTINA ENTERED 1982 by breaking a record—its inflation rate reached 131.3 per cent, the highest in the world. With disarming confidence, Sr Roberto Alemann, the newly installed Economy Minister, has applied monetarist logic to the problem. He believes that with some dexterous liberalisation of the exchange rate and strict curbs on public expenditure, he will bring about a "substantial" reduction in the inflation rate by the end of this year. But an air of scepticism pervades the streets.

Tired of the inconsistencies and lack of clear directives during the short lived government of President Roberto Viola, which fell last December, the military have given Sr Alemann a strong back up team of under secretaries and promoted him to almost superministerial status. Next to General Leopoldo Galtieri, the new president, Sr Alemann is undoubtedly the most influential figure in Argentina.

But Argentina is a big country, and Buenos Aires, with 8.5m inhabitants, is an overpopulated and chaotic city, where inflation may be less tangible than Sr Alemann thinks. Last week, for instance, the well respected English language weekly, the Review of the River Plate, published figures showing that the inflation rate, on its calculations, was in fact more than 160 per cent last year.

It takes only a few days in Buenos Aires to experience the anarchy of price increases. "Every time I come here prices on this menu are different—they're up or down with no logical explanation," grumbled a foreign banker lunching at one of his regular haunts.

Argentines are less concerned with logical analysis or official plans than with their own reaction to the problem. Everyone—from the company director to the domestic servant—has an instinctive solution to inflation. They speculate in dollars.

Officially, stability has been restored to the foreign exchange market. Above the counter, the hectic trading of dollars, which had the city's money changers watching scenes verging on street opera last November, has dissipated. The black market in foreign exchange, however, is still rampant, with the peso being exchanged under the counter at more than 14,000 to the dollar, against the officially quoted rate of around 10,000. The peso, left to Sr Alemann's "market forces," continues to depreciate and now compares with a value of 2,000 to the dollar at about this time last year.

Unless they are mathematicians, few foreigners can work out with total accuracy the advantages, if any, of being paid in dollars in a country which has local currency as weak as Argentina's. For example, official guidelines on house rents are meaningless. Landlords act according to their own rules. Rent is either paid at a fixed rate in dollars, or index linked in pesos. The latter is the most common and also the most arbitrary.

Some landlords are so obsessed with not being caught out by the inflation rate that they penalise tenants with a daily interest charge if the payment deadline is missed.

But it is difficult to pay in a hurry in Buenos Aires. The inflation rate has brought a tired haggard look to the peso, and one can accumulate so many worthless bank notes during a day that it takes up to half an hour to count them. The central bank recently issued a 1m peso note, but this has simply led most people to spend more money, and waiters to short change customers. Dollars can take some time to be cleared by the banks.

Bureaucracy can threaten the newly arrived British subject with insanity. To get a work permit for Argentina, one needs numerous documents ranging from a good conduct letter from the British Metropolitan Police, stating that the "British Metropolitan Police does not issue good conduct letters," to a letter from one's local doctor stating that his patient is free of mental and physical diseases and does not suffer from trachoma. The Argentine Government may also require an additional medical check-up by an "official" doctor. Such check-ups may in some cases require daily sessions lasting a week.

The system can, however, be short circuited. As in most developing countries there are middle men, who can ensure that the process is resolved as quickly as possible— for money, of course.

Sr Alemann is the first to admit that tackling the high cost of living and deregulating the system is a major priority for the government. He is, however, living on borrowed time. The summer holiday takes place between January and March, when political opposition is traditionally subdued—even though far fewer Argentinians can now afford to go away on holiday.

What remains to be seen is whether he can suceed in applying his austerity package at a time when Argentina appears to be experiencing the first hints of liberalisation in more than five years.

The fear and the repression, which surrounded the 1976 military coup, is less pronounced in Argentina today. The absence of the street battles which used to occur between terrorists and security forces is striking.

The daily kidnappings which were common occurrence before and after the coup are now relatively rare. According to estimates by human rights organisations, only six kidnappings have taken place since the beginning of last year and only one of these resulted in death. Four years ago, kidnappings—most of them fatal—were averaging more than 100 a week.

Censorship is gradually being lifted although trade union activities are still banned. For example "Man of Iron," the film about Solidarity's struggle for freedom in Poland is playing to packed houses. So is "Coming Home" a film about Vietnam, which was banned two years ago because it was judged anti-militarist.

On the bookstands, there are a growing number of books by political leaders, whose activities are still officially banned, and a multitude of new biographies on the late General Peron and his wife, Evita. The best-seller list is topped by a transition of the Army and Politics in Argentina, a critical examination of the role of the military in Argentine Government.

U.S. sends peace envoys to Middle East

BY OUR FOREIGN STAFF

THE U.S. is despatching two special envoys to the Middle East to try to shore up the crumbling ceasefire in Lebanon and make progress in the deadlocked negotiations over Palestinian autonomy.

The envoya are Mr Philip Habib, who helped arrange the Lebanese ceasefire last summer, and Mr Richard Fairbanks, the newly appointed Palestinian autonomy negotiator.

The Lebanese Government is seeking Arab assistance to deal with the volatile situation in southern Lebanon in anticipation of a major Israeli invasion of the region.

The Lebanese request was expected to be considered at a meeting at the Arab League's headquarters in Tunis yesterday by a special committee formed to decide on a common Arab strategy for southern Lebanon.

The committee, presided over by the league's secretary-general, Mr Chadli Klibi, was formed on the recommendation of the Arab summit conference in Fez last November. It includes Lebanon, Syria, Saudi Arabia, Iraq, Jordan, Kuwait and the Palestine Liberation Organisation.

The United Nations Security Council is due to meet in New York on Thursday or Friday to review conditions in southern Lebanon.

Lebanon has asked the council to increase the number of UN peace keeping troops in the area from 6,000 to 7,200 and is insisting that the force should be given deterrent powers to deal with ceasefire violations.

Richard Johns adds from Tunis: Saudi Arabia insists that the Arab summit suspended in Fez last November, should not be resumed until all Arab states have reached unanimous agreement on minimum terms for a peace settlement with Israel.

Prince Saud al-Faisal, Saudi Foreign Minister, who was largely responsible for the actions of the conference, said yesterday that a "common conviction" was a pre-requisite for reconvening the meeting of Arab leaders.

Israel's cost of living index shot up by 8.3 per cent in January, the highest rise for this month in 20 years. David Lennon writes from Tel Aviv. The sharp increase reflects the change of policy by the Treasury, which last year increased subsidies and cut purchase taxes in a drive to reduce inflation before the general election. Further cuts in public expenditure are promised in the proposed 1982/3 budget.

Treason charge call as Nkomo party denies plot

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE'S leading newspaper, the Herald, and the state-controlled Zimbabwe Broadcasting Corporation yesterday called for tough action against Mr Joshua Nkomo's Patriotic Front (Zapu) following last week's discovery of arms at various Zapu properties.

In its editorial yesterday the Herald, which normally reflects Government thinking, urged that Mr Nkomo, Minister without portfolio io the coalition Cabinet, sbould be charged with treason.

Zimbabwe Radio claimed in a commentary that Nkomo and his associates were trying to shift the blame to the Zipra military command (Zipra is the former guerrilla army loyal to Mr Nkomo

After an emergency meeting in Bulawayo, the Zapu central committee said it was "dismayed" by the Government's attempts to "build a case"

Zapu also claimed that the farm oo which the bulk of the arms were found was not owned by the party but by a co-operative established after the war by former combatants

Zapu denied any participation in a plot

Hong Kong treaty reports denied

By Kevin Raflerty in Hong Hong

THE LATEST in a spate of reports in the Hong Kong Press on the territory's future has claimed that Britain and China will announce a friendship treaty on May 1. Under its terms London would acknowledge Peking's sovereignty over Hong Kong, but China would allow Britain to carry on governing the territory.

The Foreign Office in London, and the Hong Kong administration have said there is no foundation to the report.

The financial daily, Tsai Chin Yat Pao, said that no date would be set for China to resume running Hong Kong, but that the treaty could be terminated by either side giving 30 years notice. Another report last week said that Peking was considering turning the New Territories, which form the greater part of the colony, into a special economic zone controlled by Peking but administered by Hong Kong.

The latter report and general fears abont Hong Kong's future send the stock market down by 43 points. Yesterday the market dropped by 21 points.

In the past few months there has been a major advance in that China has recognised that the future of Hong Kong presents a problem which must be solved before 1997 if China is to continue to get the benefit of a prosperous Hong Kong which provides between 30 and 40 per cent of its foreign exchange reserves.

But discussions between London and Peking are understood to be at an early stage

Mauritius poll date

A general election has been called in Mauritius for June 11—only the second since the island gained independence from Britain in 1968, our Foreign Staff writes. The election could well result in a victory for the left-wing Monvement Militant Mauricien, which emerged as the largest single party at the last poll in 1976. A coalition dominated by Sir Seewoosagur Ramgoolam's Labour Party has run the country since then.

Bids soon as China sets up state oil body

BY TONY WALKER IN PEKING

IN ANOTHER sign that China is at last getting on with the business of tapping its offshore oil reserves, it was announced in Peking yesterday that the China National Offshore Oil Corporation had been established and foreign companies would be asked soon to register an interest in bidding for exploration rights.

Qin Wencai, president of the newly-established CNOC, said all foreign companies which participated in seismic surveys in China's offshore waters were welcome to bid.

Mr Qin, a Vice Minister of the Petroleum Ministry, said detailed tax regulations and a model contract for the guidance of foreign oil companies would be available aoon.

The establishment of the CNOC is another important step on the way towards the development of China's offsbore oil reserves, although it may be several months before bids are actually called. And it may not be until later this year or early next year before exploration rights are granted, according to foreign oil company representatives in Peking.

Many of the world's oil majora are lined up waiting to participate in the exploitation of what is believed to be one of the last great untapped oil-rich areas in the world. Companies at the forefront of survey work in the Yellow and South China seas included Exxon, Arco, Mobil and British Petroleum.

According to a report in the English-language China daily last week, seismic work carried out by 48 foreign oil companies along the China coast from the Bohai Gulf io the north to the Beibu Gulf in the south at a cost of some $240m had identified some "large structures of oil reserves."

The New China News Agency report yesterday about the establishment of the CNOC said It had been officially set up to take "full charge of China's offshore oil exploitation in cooperatioo with foreign enterprises."

The report said a series of subsidiary oil companies under the CNOC would be established to administer local areas of exploration and development along the China coast. Overseas offices of the CNOC would also be established.

The corporation is authorised to raise domestic and foreign loans. It will also take over agreements signed so far witb foreign companies by the petroleum corporation. These include agreements with French and Japanese companies presently exploring for oil in the Bohai sea in the north and Gulf of Tonkin in the south.

Estimates vary as to China's total reserves, both onshore and offshore, but at an energy symposium in Singapore recently, the senior energy economist of the Chase Manhattan Bank said it was now recognised China had a very large petroleum resource base.

"Using the U.S. style proven reserves concept, China's oil reserves are currently estimaled to be about 39bo harrels onshore and a similar amount offshore. The Chinese estimate is over 100bn barrels, but these may incinde less definitive categories of reserves." Mr John Emerson told the symposium.

China last year produced 101m tons of oil, but is having trouble maintaining output because its main fields are being worked out. According to independent estimates, Chinese oil production will drop by about 10 per cent around the mid-1980s until offshore reserves come onstream.

India to give Vietnam aid worth £5.9m

BY KATHRYN DAVIES IN SINGAPORE

INDIA'S Foreign Minister, Mr Narasimha Rao, said yesterday that Vietnam and India were entering a new chapter of co-operation "on a sustained and long-term basis."

At the end of two days of talks in Hanoi, he announced Indian agreement to extend Rupees 100m (£5.9m) in aid to Vietnam.

The commitment comes on the heels of a call from Thailand for all countries to suspend aid to Vietnam. While perhaps not a direct snub to Thailand and its partners in the Association of South-East Asian Nations (Asean) — Malaysia, Singapore, Indonesia and the Philippines — the announcement will do nothing to improve India's relations with non-Communist countries in South-East Asia.

Vietnam has better relations with India than with any other non-Soviet country. India is the only country outside the Soviet bloc to recognise the Heng Samrin regime in Kampuchea—a Government which was installed and is still supported by Vietnamese military force.

India's insistence on supporting Vietnam and Heng Samrin in Kampuchea bas damaged relations with Asean, unsettled its position as a leading member of the non-aligned movement, and aggravated traditionally-poor relations with China and even with the U.S.

The Indian aid package, which follows one of a similar size last year, will be used for geological surveys, mineral exploration and excbange of experts in trade, science, and technology. The Indians will also aeod agricultural experts to Vietnam and accept an nnspecified oumber of Vietnamese studenta for further education and training.

K. K. Sharma adds from New Delhi: Hopes that India's trade deficit for 1981-82 would shrink from the record Rs 57.75bn (£3.37bn) of 1980-81 have been dashed. The deficit in April-November 1981, was running higher than in the same period of the previous year, according to figures released yesterday.

Mr Shivraj Patil, Minister of Commerce, told a parliamentary committee that the deficit for April-November, 1981, was Rs 35.23bn compared to the Rs 33.06bn for the same period in 1980.

Exports of a number of commodities bave increased, notably engineering products, textiles and agricultural goods. But many items have beeo hit hard by recession and protectionist measures abroad

Testing time ahead for Fraser Government

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S Price Minister, Mr Malcolm Fraser, will face a number of political tests during the autumn session of Parliament which begins in Canberra today.

He must fight a by-election for the federal seat of Lowe on March 13, which his Liberal Party looks certain to lose. Lowe was held until his recent retirement by Sir William McMahon, a former Liberal Prime Minister and Treasurer. Sir William's parting criticism of Mr Fraser's style of Government, which largely ignores backbenchers will not have enhanced the party'a chances of holding the seat.

The Australian Democrats, led by Senator Don Chipp, a disaffected former Liberal Minister, wbo hold the balance of power in the Senate, are likely to continne to vex Mr Fraser during the session. They bave so far refused to pass the Angust budget legislation imposing sales tax on a wide range of everyday items.

The Democrats have also threatened not to pass Mr Fraser's tough industrial relations legislation aimed at curbing union power.

But by far the greatest concern for Mr Fraser and his party is the Victorian state election on April 3. Although he is not directly involved, Mr Fraser's federal economic policies have already emerged as an issue.

High interest rates and lack of funds for housing loans are blamed on the Fraser Government. The fact that most of the world is suffering from high interest rates is no consolation to Victorians.

Loss of the state would be a bitter blow to the Liberals. Victoria has been described as the jewel in their crown. It is the home of the party and Liberals bave ruled in the state for 27 years.

But a lacklustre performance by the Victoria Liberals and their new state leader, Premier Lindsay Thompson, combioed with the unpopularity of Mr Fraser's policies, have put Labour ahead by 12 per cent, according to the opinion polls.

● The Australian Cabinet is about to decide whether to buy a British aircraft carrier which is to be put in mothballs because of cuts in defence spending.

HMS Invincible, bas been offered to the Australians for £176m and a decision is expected to be announced within the next fortnight.

Shagari shuffles Cabinet

By Quentin Peel, Africa Editor

PRESIDENT Shehu Shagari of Nigeria has announced a mid-term Cabinet reshuffle, in which one of the most seoior members of his Government has been moved to the key agriculture portfolio.

The switch of Alhaji Adamn Ciroma, a former governor of the Central Bank of Nigeria, from the Iodustries Ministry to Agriculture, is seen as an attempt to give further emphasis to the Government's "green revolution" to boost crop production. The present Minister of Agriculture, Alhaji Ibrahim Gusau, moves to Industries.

Agriculuture has been identified as the Government's bigbest priority in the run-up to elections in 1983, but results to date have been very alow

The other major change is the creation of a Ministry of Information, with Mallam Garba Wushishi, the former junior Minister for Transport, taking over the job.

Althougb the Ministers of Finance, Defence, External Affairs, Justice and Transport remain unchanged, there have been a number of moves among their deputies.

Albaji Iro Dan-Musa, former Minister of State for Finance, becomes the new Minister for the Federal Capital Territory, responsible for the building of the new capital at Abuja.

West Germany's exports to Arab world rise 49%

BY JAMES BUCHAN IN BONN

WEST GERMAN exports to the Arab world increased by almost half last year and the region has displaced North America as Germany's most important export market.

Figures from the West German Federal Statistical Office show that West German sales to the Arab League countries — predominantly for plant, vehicles, chemicals and electrical goods—rose by 49 per cent to DM 29.3bn (£6.3bn) in 1981, ahead of the DM 28.7bn in sales to the U.S. and Canada.

The Arab world accounted for 7.4 per cent of total West German exports last year. The startling increase in exports to the Arab countries, which compares with an overall increase in West German exports of only 13.3 per cent, reflects the heavy involvement of West German contractors in major developing markets.

Iraq and Saudi Arabia accounted for exports worth DM 6.6bn and DM 6.2bn of the total respectively.

Nonetheless, West Germany is still on deficit with the region as a whole. West German imports from the Arab world increased by 18 per cent to DM 34.3bn, compared with on overall increase in imports of 8.1 per cent.

The increase largely reflects the rise in the prices for oil charged by Opec members during 1981, since volume imports of Arab oil fell by 14.1 per cent.

West Germany continued heavily in deficit with Saudi Arabia, its chief oil supplier.

● West Germany is to increase its economic aid to Jordan, Herr Rainer Offergeld, Minister for Economic Co-operation, said yesterday.

Kevin Done adds from Frankfurt: Linde, the West German mechanical engineering group, has won an order from the U.S. for two oxygen plants for use in the American Natural Gas Corporation's planned coal gasification plant at Beulah, North Dakota.

The contract is worth around DM 140m. The units—among the biggest ever produced—will each have a capacity for producing 1,450 tonnes a day of Oxygen with 99.5 per cent priority.

Taipei seeks ban on Japanese vehicles

TAIPEI — Taiwan has proposed to ban imports from Japan of heavy trucks, buses and 1,500 consumer items, the Ministry of Economic Affairs has announced.

The import bans are understood to be subject to approval by the country's Parliament.

The proposed bans apparently are directed at protecting a local vehicle manufacturer and at cutting Taiwan's growing trade deficit with Japan. In 1981, the deficit widened to $3.44bn from $3.17bn in 1980. Total world trade volume with Japan in 1981 was $8.4bn.

Local reports said the proposed ban on truck and [illegible] imports was requested by Hua Tung Motor, a joint venture of Taiwan's state-owned Taiwan Machinery Manufacturing Corporation [illegible] General Motors of the U.S.

The reports said Hua Tung feared its heavy trucks and buses, which began to appear earlier this month, would [illegible] be able to compete [illegible] Japanese imports.

The length of the ban is not clear. Reports said the ban would be effective only [illegible] Hua Tung's initial stage of operation.

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SEMICONDUCTOR EXPORTS TO U.S.

Tokyo warns on 'chip' prices

BY RICHARD C. HANSON IN TOKYO

THE MINISTRY of International Trade and Industry (Miti) has told six Japanese [illegible] of sophisticated, large-[illegible] integrated circuits to be [illegible] in exporting to the U.S.

[illegible] recently advised the [illegible] companies—Nippon [illegible], Hitachi, Fujitsu, Oki [illegible], Mitsubishi Electric [illegible] Toshiba—to avoid excessive price cutting on the [illegible] 64-K bit Ram (random [illegible] memory) chips so as to [illegible] off possible charges of [illegible]ing. The price of 64-K [illegible] has dropped sharply since summer. A Miti official said the government has heard various complaints about falling prices from the U.S. semiconductor industry.

A Miti official said this is not the first time the Government has asked the companies to exercise caution in pricing exports to the U.S. The companies, themselves, are under no obligation to follow the advice of Miti.

There is concern that semiconductors will become another source of friction in U.S.-Japan trade relations. A few years ago, U.S. manufacturers sounded alarms at the heavy increase in imports of earlier technology 16K rams, which they later conceded were technically more reliable than domestic versions. While the U.S. believes it has overcome the technical gap, Japan is still estimated to hold half the world market.

The Japanese 64K memory parts, however, are reckoned to be even more controversial as the Japanese are thought to have about 70 per cent of the world market.

Nevertheless, in the first 11 months of 1981, Japanese exports of semiconductors to the U.S. actually fell by 5 per cent to Y63.9m ($270m).

A continued fall in the price of the Japanese chips would likely prompt a rise in exports to the U.S. This could further aggravate relations between the two countries. Japan last year had estimated $18bn trade surplus with the U.S., up from $10bn the year before.

Japan's imports of U.S. chips meanwhile were down by 1 per cent to Y63.4bn.

Japanese makers with plants in the U.S. are going ahead with plans to shift assembly of the 64-K Rams to the U.S. By spring, Hitachi and Nippon Electric plan to assemble the 64-K chips in their U.S. plants.

Gatt treaty move keeps the pressure on

BY JOHN WYLES IN BRUSSELS

EEC Governments will give their first reactions today to new European Commission proposals for cutting the EEC's trade deficit with Japan, which are based partly on a resort to Article 23 of the General Agreement on Tariffs and Trade.

This approach could have some appeal to several governments since it is more of a slap on the wrist than a full onslaught on Japanese trading practices. Both the European Commission and most member governments believe that recent measures taken by the Japanese to boost their imports are a step in the right direction, although not adequate to make a real impact on Japan's $10bn visible surplus on trade with the Ten in 1981.

The use of Article 23 of the Gatt could well be seen, therefore, as keeping up the pressure on Tokyo to open up its domestic market without committing a realy hostile act. This article allows any signatory to make a complaint if it believes its advantages under the Gatt are being impeded or nullified by the behaviour of another signatory.

The procedure requires a bilateral attempt to resolve the problem — which would involve both sides repeating well-known positions — as a preliminary to the setting up of a Gatt panel to judge arguments and issue findings.

There are two other elements to the Commission's proposed approach which is due to be discussed by EEC foreign ministers next Monday after scrutiny by officials today. One is to secure a commitment from Tokyo to continue export restraint of sensitive items such as cars, TV sets and tubes and some machine tools in return for the progressive removal of the quantitative restrictions some member states impose on Japanese exports.

The other is a more positive and longer term commitment to developing scientific and technological co-operation with Japan. Member governments will be divided in their reaction to the Commission package. France has already announced that it is considering protectionist measures against some Japanese imports. Other governments will want a precise statement from the Commission of the advantages to be gained by resorting to Article 23.

Britain to share in Indonesia power order

By Richard Cowper in Jakarta

AN ANGLO-FRENCH joint venture has been awarded a letter of intent for a £33m contract from PLN, Indonesia's state-owned electricity corporation, for the procurement and erection of 300 miles of high voltage transmission line.

The contract makes up a small part of a $2bn scheme to provide electricity to Java from a coal-fired generating plant at Suralaya in north-west Java based on coal from south Sumatra.

The joint venture between the power construction subsidiary of Balfour Beatty and the French construction company, C. G. E. Alsthom, will start work on the Suralaya-Bandung section of the 500 kv overhead transmission line later this year.

● British companies will be able to receive cash payment for export contracts with buyers in Indonesia under a £3m line of credit guaranteed by the Export Credits Guarantee Department. The loan has been provided by the Royal Bank of Scotland to PT Multinational Finance Corporation of Indonesia for the purchase of UK capital goods and associated UK services by Indonesian buyers.

EEC accused of hindering trade with Third World

BY EMILIA TAGAZA IN MANILA

THE EUROPEAN Economic Community is using multilateral treaties such as the Multi-Fibre Agreement (MFA) as restrictive protectionist measures, to insulate domestic producers from international competition, Mr Jaime Laya, the Philippine Central Bank Governor, told the European Chamber of Commerce yesterday.

"This penalises not only the more efficient and competitive producers, but also EEC consumers from enjoying a wider variety and cheaper garments and textiles than would otherwise be possible," Mr Laya said.

Voluntary restraint agreements, quantative restrictions, countervailing duties, anti-dumping duties, and subsidies have resulted in a slowdown of trade between the Community and other developing countries, including members of the Association of South East Asian Nations (Asean).

Another EEC policy which Mr Laya considers extremely protectionist is the Common Agricultural Policy (CAP) which imposes an import variable levy on sugar and extends substantial subsidies to sugar growers in the EEC.

"Because of the CAP, the EEC has become the world's leading sugar exporter after Cuba, despite the fact that sugar is produced more cheaply in the tropics," Mr Laya said.

Although the Philippines is a major exporter of sugar in the world market, it has not sold sugar to the EEC countries.

Mr Laya claimed that the EEC subsidy to sugar, "which is overtly protectionist," distorted the trade in sugar and depressed the markets for sugar from major sugar-producing developing countries.

He also criticised product quotas under the EEC Generalised System of Preferences.

While the system extended preferential tariff treatment to imports of manufactured products from developing countries and had improved the access of Philippine exports to the EEC market, many labour-intensive products of export interest to the Philippines are excluded from the system, Mr Laya went on.

For products considered by the EEC as "sensitive"—including Philippine footwear, plywood, glazed tiles and transistor radios—lower ceilings and individual quotas are imposed.

Foster Wheeler unit in £25m Swedish deal

By Our World Trade Staff

FOSTER WHEELER ENERGY, the Reading unit of Foster Wheeler of the U.S., is to build a £25m refinery extension for Skandinaviska Raffinaderi (Scanraff) at Lysekil in Sweden. The first phase of the project has been completed.

Financing arrangements, announced by Lloyds Bank International yesterday, show that over £5m of goods and services, including the work of Foster Wheeler will come from the UK.

Lloyds has arranged export credits from the UK for £4.9m and from Italy for L2.1bn (£9m). The rest of the financing is coming from within Sweden. About half of the procurement for the project is thus being undertaken in Sweden.

Foster Wheeler's winning of the contract springs in part from a lengthy association with Scanraff. It is also bidding for refinery work at another site adjacent at Lysekie where a project is planned by OK Union, the Swedish co-operative which is a 43 per cent shareholder in Scanraff.

Ericsson and Philips in £88m Saudi contract

By Charles Batchelor in Amsterdam

PHILIPS, the Dutch electrical group, and L. M. Ericsson of Sweden have been awarded a Fl 425m (£88m) order to extend the Saudi Arabian telephone network with 18,000 mobile telephone connections.

This is the sixth order to be placed by the Saudis over the past five years and brings the total value of work carried out by the two companies to Fl 11.5bn (£2.3bn).

Under the latest contract, they will provide 18,000 mobile telephone connections and 48 basis stations in 23 cities as well as on roads between Jeddah and Medina, Jeddah and Mecca and some routes around Riyadh.

The telephones will be installed in cars and ships, as fixed units in isolated positions and as portable units.

The network will operate in the 420-470 MHz range. It may be extended later to provide 60,000 connections. Workshops to install and maintain the equipment will be set up in seven major cities.

Tehran and Moscow sign power-station accord

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION and Iran have signed agreements to cooperate in the construction of two major electric power stations in Iran during talks which ended yesterday between Mr Hasan Ghafuri-Fard, the Iranian Minister of Energy, and Soviet officials.

The two sides were also expected to reach agreement on construction of a second dam on the Arak River which separates the Soviet Union and Iran, Mr Ghafuri-Fard said.

The project would be jointly financed with water and energy shared by the two countries for agricultural purposes.

Trade relations between the Soviet Union and Iran have improved in the last year and Izvestia, the Soviet Government newspaper, reported the Soviet Union imported 2.2m tonnes of oil from Iran during 1981, the first time the Soviet Union has imported oil from Iran since the revolution.

The newspaper said that the Soviet Union also transhipped 3.4m tonnes of goods to Iran across its territory in 1981 compared to only 1m tonnes in 1978.

Mr Ghafuri-Fard said that the Soviet side had agreed to cooperate in work in Iran on an 800 Mw gas-powered electric generating station at Ahvez and in the completion of a 1,260 Mw power station in Isfahan.

He told a Press conference that the subject of Iranian gas deliveries to the Soviet Union was not raised at any time during his six-day visit.

Before the Iranian revolution, Iran piped 10bn cubic metres of gas a year to the Soviet Caucasian Republics. But shipments were suspended after the present regime took power and the Soviet Union has refused to pay the increased price which Iran wants for a resumption of deliveries.

S. Yorks in protest over EEC aid

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

SOUTH Yorkshire is seeking meetings with the Department of Industry in London and EEC officials in Brussels to protest about Commission proposals to cut the amount of support the county receives from the European regional fund.

The county council has sent a 3,000-word document containing its views on the EEC's review of regional development grants to Mr Patrick Jenkin, Industry Secretary, and to Sig. Antonio Giolitti, the commissioner responsible for regional affairs at the EEC.

The county is seeking support from its neighbours in West Yorkshire, North Yorkshire and Humberside and from local district councils, all of which will be similarly affected. It believes local authorities should be allowed to submit proposals for schemes to be grant aided direct to Brussels rather than to Whitehall. It is also calling for the regional development fund to be doubled.

South Yorkshire's move follows a similar lobby of MPs and ministers by Devon, Cornwall and the South Western Water Authority.

South Yorkshire believes that redrawing regional boundaries overlooks specific pockets of need. The Mexborough travel-to-work-area within the county has a jobless rate of just more than 22 per cent, claimed to be the third-worst figure in Britain. Yet under the Commission's new proposals Mexborough would no longer be eligible for assistance.

Community aid is an important factor to a county such as South Yorkshire, which has received £4.6m from the regional fund. District councils within its boundaries have also been assisted.

The British Government appears to have backed the Community move because it would lead to the UK as a whole receiving a bigger share of the fund, something Mrs Margaret Thatcher, the Prime Minister, has been fighting for.

South Yorkshire, however, is also upset at the way in which the Government is manipulating the fund. The county has pointed out that the money was originally intended to provide supplementary assistance towards local schemes.

The British Government, however, uses the EEC finance as a substitute for Government spending. There is, therefore, no net increase in investment as a result of the EEC grant other than for infrastructure projects.

South Yorkshire believes that if local authorities could submit their ideas directly to Brussels they would be better able to go ahead with projects should they receive Community backing.

£26m loans for north of England projects

By James McDonald

THE EUROPEAN Investment Bank—the European Community's bank for long-term finance—has granted loans worth £26m towards the building of a computer plant in the north of England and towards water supply and sewerage projects in the same area.

Of the £26m the EIB is lending £6.1m to Systime, the second largest UK-owned computer company after ICL. The money will go towards the building of a £30m plant in Leeds, Yorkshire, which will produce micro-processor based computer systems, (mini-computers).

Systime's plant in Leeds should be fully operational by mid-1984, with about 450 jobs generated in Leeds and a further 350 jobs elsewhere.

The remaining EIB loans, two worth £19.9m, have been given to the National Water Council. One loan of £12.9m is towards sewerage schemes by the North West Water Authority. The other £6m goes to various schemes to be carried out by the Yorkshire Water Authority.

These projects are aimed at improving conditions for industrial and other development in the areas covered by the two water authorities.

Systime offers shares to some of its workers

BY NICK GARNETT, NORTHERN CORRESPONDENT

SYSTIME, the Leeds-based computer company, has offered a tenth of its workforce the opportunity to buy a personal stake in the company's equity. It says this is a reward for loyalty and a means of identifying employees more closely with Systime's development.

The scheme covers a range of staff from shop floor assemblers to managers. All but a handful of more than 100 employees approached have accepted the offer and are buying a minimum of 20 ordinary shares, which carry voting rights. Each share has been sold at £26.50, 30 per cent below the ordinary share value at March last year.

Two managers in the company, which had a £32m turnover in the year to September 1981 and which claims to be Britain's fastest-growing computer company in sales terms, each bought about £40,000 worth of shares. A small group of other managers have purchased more than £20,000 worth of shares each.

The company, which is not publicly quoted and is not unionised, says that about a half of those involved in the scheme are below managerial level. The equity, which is being transferred this week (the shares are not new) is thought to total about £200,000.

Borders area fears decline after grant loss

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

DEPOPULATION, industrial decline and rural deprivation face the Borders area of Scotland when government development assistance is removed, according to a report by Borders Regional Council and its five district councils.

The Borders is to lose its assisted area status in August as part of the government review of regional grants.

This means it will no longer qualify for regional development grants for buildings, plants and machinery, for European Regional Development Fund assistance or for grants and loans from the Scottish Tourist Board. Five other sources of official aid will also be greatly reduced or eliminated.

The report says: "that the economic situation in the region continues to deteriorate; there is a continuing net loss of younger people from the Borders; the provision of basic services becomes more difficult; the cost of living continues to be above national average while low wages persist; and depopulation, undermining the whole fabric of the community, is being re-established."

The report highlights the disadvantage to rural areas of the Government's review of regional development assistance, which will be based in future on unemployment levels.

The Borders has an unemployment rate of 8.4 per cent, compared with the Scottish average of 14.4 per cent.

The region argues that its difficulties are based on issues other than unemployment and it was these wider problems which made the Government declare it a development area in 1966.

It argues that the Borders should retain its assisted areas status, the intermediate area of assistance it has held since being downgraded from a development area in 1980.

The council also proposes that:

- Government assistance should be provided for traditional industries—particularly textiles—as well as new growth industries.
- Support for new industrial development programmes should be given
- The Government should consider establishing a rural development area

Scottish textile institute studied

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE SCOTTISH Development Agency has commissioned a report into the feasibility of setting up a textile research institute for the country.

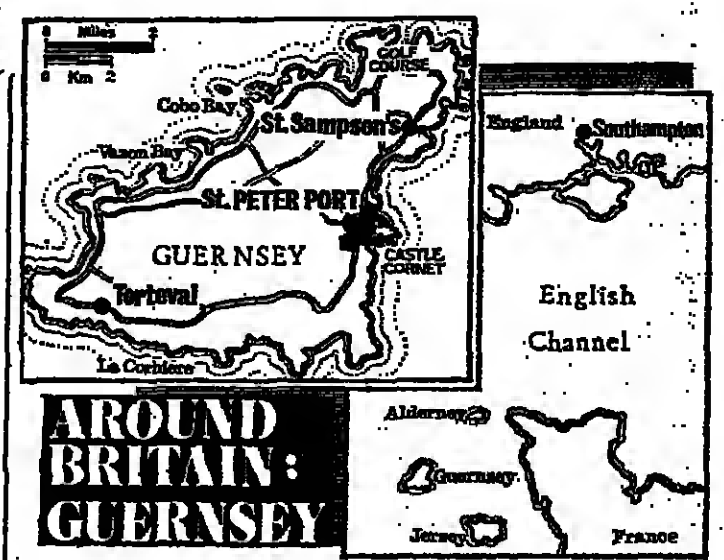
The move follows the withdrawal at the end of last year of the operation conducted in Galashiels by the Wool Industry Research Association. Because of falling income from a contracting industry, the WIRA has merged its operations and concentrated them at its Leeds headquarters.

Inbucon, the management consultants, has been commissioned to undertake a study to see if there is a case for a separate Scottish textile research body. It has begun contacting about 400 textile companies in the country and should be reporting in about 10 weeks.

In the meantime the SDA is funding the former WIRA operations in Galashiels. The former WIRA staff approached the SDA for help. The agency responded by commissioning the survey.

Inbucon's study will be rather wider than the WIRA's previous operation which concentrated on wool and similar natural fibres. The consultants will also approach concerns in the clothing, carpets, electronics and chemical industries to see if they would be interested in using, and funding, such a research centre.

This step is logical because the present centre is situated next door to the Scottish College of Textiles which has many research facilities.



Free rides urged to save island's public transport

BY EDWARD OWEN

A GROUP of public transport vigilantes is trying to persuade tha Guernsey authorities to experiment with running a local bus route as a free service—something the self-governing island, free from legal obstacles that thwarted the GLC, could do if it wished.

The Free Bus Committee believes that abolishing fares is the only way to save public transport in a community which, with more than 24,000 private cars for a population of 53,000, is nearer to the American than the average European level of car ownership.

The lobbyists claim that while the concept of free buses was regarded as wild and socialistic when first put forward, local politicians are becoming more receptive to the idea.

Guernsey has always left its public transport to private enterprise and any kind of fares subsidy has been seen as a non-starter.

No one thought of public transport as a Government responsibility until the winter of 1980-81, when the island suddenly found itself without buses for three months after the only operator closed down because of "heavy and continued losses."

The authorities were forced to recognise the minority, chiefly the young and elderly, with no private transport, and a skeleton mini-bus service was operated free at a cost of £16,000 to the taxpayers.

As the president of Guernsey's police committee, Royden Falla, said: "There is no doubt about it, we are a car-conscious people." That was in 1973, and since then the number of vehicles on the island has risen from 24,700 to more than 32,000.

Last year's census showed that about 80 per cent of the 17,400 households have private cars and about 30 per cent have at least two.

The result is daily congestion in the cramped harbour capital of St Peter Port, which has no multi-storey car parks.

The commuters depend mainly on 1,900 free disc-parking spaces in the streets and on the quays. Much of the parking is for limited periods, and the morning prowl in search of an empty space is followed by constant interruptions of business as people rush out to move their cars.

Inevitably, the buses have fought a steadily losing battle. The last of the smaller operators disappeared in 1978, leaving the Guernsey Railway Company (set up in 1888) with a monopoly.

Since then bus services have twice changed hands, once after Guernsey Railway threatened to go into liquidation unless a buyer was found and then after its final collapse under new ownership in November, 1980.

Although there were several offers to take over Guernsey's buses, most of the applicants only wanted to run one or two routes.

The main contenders were a company set up by former Guernsey Railway employees and the UK-based Trafalgar Leisure Investments group.

The island's Passenger Transport Licensing Authority chose the TLI subsidiary, Guernseybus, because it considered it had more substantial backing. To ensure its viability the new operator was given the monopoly of coach tours and private-hire work as well as the scheduled services.

Guernsey bus started operations a year ago with fewer routes and higher fares than its predecessor. Mr Barrie Spears, managing director, says that at the moment, with 13,000 passengers a week on its 18 winter routes, the company is losing money on its scheduled services.

To offset these losses there is a contract to provide school bus services, worth more than £½m a year, private-hire work and coach tours — and a boost is expected during the tourist season, when the number of passengers reaches between 40,000 and 60,000 a week.

Mr Spears has told the island authorities that, to give Guernsey's bus operator a fair chance, there should be paid parking in St Peter Port and perhaps some restriction on car ownership.

"Whatever service we offer, it will make no difference as long as there is free parking. This must take business away from us, and only leads to more vehicles on the roads and more congestion," he says.

At the same time he cannot see the island accepting the idea of fare-less buses. "There is no such thing as a free bus service — someone has to pay for it. It would have to be heavily subsidised by people who don't travel by bus and you would have the same situation as the GLC faced in London."

For their part, members of the Free Bus Committee are not impressed by Guernseybus. They foresee a pattern of shrinking services and rising fares until the island is left with a "bare minimum" of public transport, if that.

A spokesman said: "What has emerged from our discussions is that everyone admits the island has a problem, but no one knows how to tackle it. There is no department with overall responsibility for public transport, and none of them is anxious to take on the job."

The committee is to make the future of public transport an issue in the island's coming general election. Five local MPs have been meeting regularly to discuss possible solutions, including some form of limitation of car ownership.

The Free Bus Committee is against interfering with people's freedom to own cars and thinks that its proposal would be "a much fairer system," as well as saving the island money in the long run and being a splendid tourist attraction.

Local politicians have yet to be convinced that even free buses running every 10 minutes at rush hours on all the main commuter routes would induce the modern Guernseyman to leave his car at home.

BSR seeks extension of short-time work grants

By Lorne Barling

BSR, the Midlands-based audio equipment company, is awaiting a decision from Mr Peter Morrison, Parliamentary Under Secretary for Employment, on an appeal for a special extension of Government short-time working grants to save 1,300 jobs.

The company, the world's largest manufacturer of record changers, warned unions in October that reduced working hours and about 1,600 redundancies were likely.

This was the result of a severe fall in orders and followed a period of contraction over the previous two years in which about 10,000 jobs were lost.

Although about 300 people took voluntary redundancy in the latest job cuts in BSR's three sound reproduction division factories, larger cuts were avoided by a programme of short-time working.

Last week a delegation including BSR management and union representatives, and Midlands MPs Mr Peter Archer and Mr John Gilbert, met Mr Morrison to ask for the renewal of Government aid.

Mr Archer, MP for Warley West, said: "The problem is that aid of this kind cannot be granted twice, but BSR submits that due to a change of products and the new jobs being done, it should qualify again."

The company argues that it is far cheaper for the Government to provide temporary short-time working aid, which covers 50 per cent of wages, than to have a further 1,300 people unemployed.

The Department of Employment said that the Minister had made no commitment.

Belfast shipyard losses higher than forecast

BY OUR BELFAST CORRESPONDENT

DR VIVIAN WADSWORTH, chairman of the State-owned Belfast shipbuilders Harland and Wolff, yesterday confirmed that the company's losses were running at a higher level than forecast. He laid much of the blame on the Government.

"Although we are going to make bigger losses than expected we are still working within the financial limits laid down by the Government and I have no intention of asking for further subsidies other than those already notified to the Government," he said.

Harland and Wolff has received £46m from the Government and is allowed external borrowings of up to £10.9m in the year to March 31 1982. The shipyard's position is increasingly worrying Government officials.

Dr Wadsworth, appointed chairman last year, said: "The Government lost us an order and these estimates for the year were based on the assumption that we would get that order for a 170,000-tonne bulk carrier from Norway."

Last December the chairman claimed that the Treasury took six months to agree to a financial package which the company wanted to offer to a prospective Norwegian customer. By the time agreement came through the customer had changed his mind.

The Government argued at the time that the risk to public money was exceptionally high. Officials believe their stance was shown to be correct because the order was never placed.

Dr Wadsworth said yesterday there had been inevitable losses as a result of this, but these were not enormous. The Government had been given new estimates of financial performance and vigorous steps were being taken to return the shipyard to viability.

However, he repeated his warning that redundancies among the 7,000 workforce could be expected.

Some jobs are likely to go in April or May and by the end of the year about 1,000 employees are likely to have been paid off.

Harland and Wolff, which reduced its overall losses to £32m in 1980, believes that British Steel will shortly confirm the shipyard's first order since June 1980 — for a bulk carrier.

Merchant fleet prospects 'bleak'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

PROSPECTS for the declining UK merchant fleet are bleak unless shipowners invest again on a major scale, the General Council of British Shipping warned yesterday.

Renewing its request for investment incentives of up to £200m a year in the budget, though expecting this to be rejected, it said other countries' shipping industries had a varied range of financial encouragement and aid.

Net investment by the industry, after proceeds from sales of vessels abroad was only £223m in the first nine months of 1981 against levels often exceeding £500m a year in the 1970s, the council said.

Mr Patrick Shovelton, director-general of the GCBS, said the organisation was preparing a joint letter to the Government with the state-owned British Shipbuilders which supported its budget request.

UK shipping investment (£m)

	Current prices	1975 prices
1975	528	528
1976	387	330
1977	550	391
1978	391	203
1979	250	119
1980	446	178
1981 (9 mths)	223	83

Source: Department of Industry

Since the fleet reached its peak size of 50m deadweight tons in 1975, after investment grants spurred ordering, it fell to about 30m dwt. It is likely to have fallen below this in the early weeks of this year.

"Investment has collapsed," the GCBS said. If the industry gets the requested extra 40 per cent depreciation allowance, the revenue cost in foregone taxes will be £100m-£200m annually for the three years of the scheme.

The Government has turned down the GCBS investment plea for the past three years.

Shipowners are allowed to offset the full cost of an investment against their tax in years of profit. But the industry wants the extra help to encourage ordering at UK or foreign yards.

By 1983, the fleet will fall to 27m dwt or lower, if no new investments are made. The UK-owned and registered fleet is still one of the world's largest.

Shipping director in contempt allegations

By Raymond Hughes, Law Courts Correspondent

A DIRECTOR of British Shipbuilders and two other men face a move to have them jailed for alleged contempt of court in connection with a dispute over a controversial warship design.

Committal of the three is being sought in the High Court by Osprey and T.T. Boat Designs, designers of the 50-metre Osprey offshore patrol vessel.

Osprey alleges in a pending action that British Shipbuilders has infringed the copyright in the vessel's hull design.

Yesterday Osprey told the court that it would seek the jailing of Mr Reginald Daniel, of British Shipbuilders, Mr David Moor, superintendent of the Ship Model Experimental Tank (SMET) at St Albans, and Mr William Richardson, a director of Vickers Shipbuilding and Engineering.

Mr Kevin Garnett, for Osprey, told Mr Justice Walton that the three had not complied with a court order to swear evidence about the making and testing of models of the vessel, and the circumstances in which evidence of the tests had been destroyed or gone missing.

The application was adjourned until next Monday.

When the case was before the court last month, British Shipbuilders admitted that it had constructed and tested two models of the vessel without the designers' consent, and destroyed or lost the test evidence.

The defendants have denied infringement of copyright or breach of confidential information.

Barclays will fund science park to aid university

BY LORNE BARLING

BARCLAYS BANK will invest up to £1m in an American-style science park near Warwick University, officially launched yesterday by Sir Keith Joseph, Education Secretary.

The 24-acre development, aimed at a transfer of technology between the university and industry, is receiving £2m from other sources, include Warwickshire and West Midlands County Councils and Coventry City Council.

Barclays will provide funds to build a special "incubator" unit, with 25,000 sq ft of space, which will be let to suitable tenants.

Mr Anthony Rudge, chairman of Barclays' Birmingham board, said: "We are supporting this development because we feel industry must take advantage of high-technology changes if Britain is to compete technologically."

The building will be leased back to the science park management company, which in turn will let the space.

Sir Keith, speaking in London, said the U.S. had been particularly successful in using science parks to stimulate technical advances in industry.

The project, undertaken in conjunction with Lanchester Polytechnic, Coventry, had attracted interest from a number of companies, some in the U.S., said Mr John Butterworth, Vice-Chancellor of Warwick University.

In the high technology field Warwick has developed particular expertise in biotechnology and bioengineering, computer science, micro-electronics, robotics.

W. German company wins £3m colliery plant order

BY MAURICE SAMUELSON

A WEST GERMAN-owned engineering concern, PHB Weserhuette UK, has been chosen to supply the heavy equipment for blending coal brought to the surface at the National Coal Board's Grimethorpe project in Yorkshire.

Coal Board officials say about 80 per cent of the equipment supplied by PHB Weserhuette will be made in the UK. Thus there should be no conflict with the Board's policy of buying British wherever possible.

British-owned companies also tendered, but PHB Weserhuette's price is understood to have been about £300,000 less than the nearest competitor. The contract is worth about £3m.

Last year the German company won a similar contract in Yorkshire for the NCB's Woolley Westide Project.

● A contract for a coal stacker at Selby recently went to Adamson Butterley, of Ripley, Derbyshire. Babcock-Moxey, part of Babcock International, is working on a £15m contract for rail loading stations and surface conveyors at the Gascoigne Wood drift mine, in the Selby coalfield.

Public spending 'near to limit'

By Max Wilkinson, Economics Correspondent

PUBLIC EXPENDITURE is now approaching the limit of what was feasible in relation to national output and this would be a constraint on plans to increase spending to combat recession, Sir Leo Pliatzky said yesterday.

In a lecture to the Institute of Fiscal Studies, Sir Leo, former permanent secretary at the Department of Trade, said public spending had steadily increased from 34 per cent in 1964-65 to 45 per cent in 1974-1975.

"This development also culminated in a sterling crisis and public expenditure cuts of 1976, and I have no doubt that in the circumstances of the time, public expenditure has been pushed beyond the limit."

The present Government had rightly set out to stabilise public expenditure Sir Leo said, but it had been unrealistic about the extent of cuts possible and the speed with which nationalised industries could be turned from making massive losses into profit.

"In practice, and in spite of swingeing cuts in certain individual programmes, total public expenditure has not been stabilised, let alone cut, but has risen substantially each year in real terms. As a percentage of GDP it was back at about 44 per cent in 1980-81 and has no doubt risen further since then."

Sir Leo said it was clear that the constraints of public expenditure which applied in times of full activity should not be the same in a period of slump.

It was now clear, he said, that we were unlikely to get back in the foreseeable future to the levels of full employment enjoyed in the 1950s and 1960s.

How Reed learned four lessons of expansion

Richard Lambert looks at how Sir Alex Jarratt's company fought to re-establish itself

A VIVID picture of how a large UK company ran into severe financial difficulties and then managed to recover was presented last night by Sir Alex Jarratt, chairman of Reed International.

Reed, an international group with interests in paper, packaging, publishing, printing and decorative products, went through a major expansionary phase in the second half of the 1960s and the early 1970s. This move stemmed initially from a desire to reduce the company's dependence on UK paper making in the aftermath of EFTA. But, it developed later into something much greater—and it led directly to a period of serious financial strain in the middle 1970s.

Sir Alex told the Association of Corporate Treasurers in London that Reed had learned four painful lessons from that expansion, which included among other things a major shift into newspaper publishing and wallpaper manufacturing, as well as substantial investment in Canada.

● The company built up a tremendous momentum for expansion, which took a long time to reverse.

● The scale of its ambitions placed enormous strains on management in terms of assimilation and control.

● Acquisition of new things largely took precedence over investment in existing assets.

● Developments were financed largely by borrowed money, which would have been fine if the growth itself had been well judged.

In reality, said Sir Alex, many of Reed's ambitions towards the end of its expansion phase sprang from the remarkable but short-lived growth of 1973-74 and from the accompanying pulp and paper boom, the biggest since the war. The latter collapsed almost overnight in the autumn of 1974, while the former petered out a little later.

It took Reed's UK divisions a good year to recognise that the world had changed, and for some time after that, its Canadian and South African interests came near to the conviction that were both inflation and recession proof. Within 18 months, however, they too had joined the club.

Perception

The most difficult task, according to Sir Alex, was to change the company's own perception of itself. Coinciding as it did with a change in command with the departure of Lord Ryder, the change set considerable strains on what had been a fairly loosely organised but strongly personally led group.

When the crunch came, Reed was forced to re-establish almost from scratch its future business objectives. To make this possible the corporate centre was considerably strengthened, with the new posts of treasurer and controller along with directors for finance planning and personnel.

Reed decided to concentrate on its proven mainstream businesses, to reduce its debt and minimise its currency exposure. The result was an intensive programme of divestment.

Sir Alex said: "Selling assets can be as difficult as buying them, and in one respect a lot more so."

A company must decide how far it can afford write-offs without prejudicing an already dangerous debt/equity ratio. It must also avoid the "fire sale" in just the same way as it has to avoid paying an inordinate premium when making a bid.

"The operation as a whole was conducted amid much public scepticism and a fair dose of personal criticism—the only answer to which is to keep your head down, grow an extra skin, and get on with the job."

Sir Alex Jarratt

The turnround was achieved more quickly than had seemed possible, due to several factors. Within the group there were a large number of well established businesses which had, in a sense, been underestimated in the search for new fields. These helped to sustain cash flow during the period of reconstruction. And having been re-identified as the mainstream of Reed, many were able to recover their own confidence, with capital being reinvested in them instead of being siphoned off.

Also, Reed was building up its new corporate centre, and making major changes in the top management of its operating companies. A more open, consensus style of management was developed at board level and among senior executives generally. Communications between management and workforce were improved.

Another important factor was a big improvement in the company's strategic, business and financial planning, and in its business and financial reporting.

"For a company as large as Reed, the unchallenged hunch of one executive (or a small group of them) are unlikely to produce a coherent strategy with which the rest of the company can identify and can operate."

Sir Alex went on: "What I am really talking about is an attitude of mind—not planning theory—thinking forward in an ordered way, and not being dominated by everyday events, important though these are."

The final factor affecting the turnround was luck. "The trick, of course, is to be grateful when you get it; to use it to your advantage, and to learn not to rely upon it," said Sir Alex.

However, the restructuring was not to be a once and for all process. At the end of the 1970s, the world moved into a deep recession, and Reed still had weakspots—largely in the UK—which were about to be exposed by the economic downturn.

Weaknesses

Sir Alex said: "Where we have really suffered is where we had structural weaknesses which had been masked either by the more favourable circumstances of earlier times, or by experienced management making the best of a difficult job thereafter."

"An interesting example is paper making, especially where commodity grades like newsprint are concerned. This is an old-established business that has weathered many storms, has contracted from time to time in the face of better equipped, and geographically better placed, competition, but has been dealt a coup de grace by the severity of this recession and its likely aftermath."

Sir Alex commented that the disappearance in whole or in part of such basic industries as newsprint had led to increasing concern about the prospective de-industrialisation of Britain. The fear was that much of the UK's industry had been so severely hit that no amount of corporate renewal would save it from the knacker's yard.

He said: "If our lack of competitiveness over recent years was allowed to continue, then our industrial base would be eroded to the point where we would have become de-industrialised. I do not believe we have reached that point.

"Moreover, if the alarm call of de-industrialisation causes us to prop up old industries—simply because they are industries—or to resist change in those industries that are capable of changing successfully, then de-industrialised we will certainly become."

In a harsh economic environment, Reed's development programmes were based on:

● Stiffer criteria for performance, and the recognition that companies which failed to match them should be sold or closed.

● A policy of continued investment in those businesses which did appear to have a good future, even though the going was rough at present.

● A desire to grow new businesses, either by natural growth or grafting on new ones.

Governments could regulate, Sir Alex concluded, but they found it much more difficult to instigate effectively. "As far as I am concerned, therefore, corporate renewal is something we have to do for ourselves, if only because we cannot expect others—people or things—to do it for us."

Exhibition to help British suppliers

By John Elliott, Industrial Editor

MORE THAN 40 large companies have agreed to exhibit products they buy from abroad in a Can You Make It? exhibition to be held at the Confederation of British Industry's headquarters in April.

The object of the exhibition is to help British suppliers—especially small businesses—discover what components required by UK manufacturers are not available from a home-based source.

Thorn EMI will exhibit a tumble drier electric motor, a fridge aluminium evaporator, and a gas cooker electronic timer and microprocessor. Other companies exhibiting include Black and Decker, Chloride, International Harvester, Myson, Pilkington and Tube Investments.

Several hundred small businesses have applied for tickets. The exhibition will be staged on April 14 and 15. It is being organised jointly by the CBI, the London Enterprise Agency and the Institute of Purchasing and Supply.

Barclays increases loan maximum

BARCLAYS BANK has introduced two changes to its Business Start Loan Scheme, which is aimed particularly at small companies.

The maximum amount of each loan, previously £50,000, has been increased to £100,000 and the term of the loan, which was a rigid five years, will be between one and five years.

Since the scheme was introduced in September 1980 about 350 companies have borrowed more than £12m.

Credit cutback

A SHARP fall in consumer demand for credit in January was reported yesterday by the United Association for the Protection of Trade, the largest credit reference agency in the UK.

The Association says applications for credit were down by 17 per cent compared with January last year. It points out that while the first two weeks of the month were affected by the bad weather, demand fell more sharply as the month progressed even though the weather had improved.

The worst hit areas in January were Scotland, South Wales and the west of England. Credit applications fell by more than 50 per cent in South Wales in the first two weeks of January.

Jersey companies

COMPANY registrations in Jersey last year reached a record 2,474 level, according to figures released yesterday.

An increasing proportion of companies are being formed by promoters resident outside the British Isles. They accounted for 1,078 of the 1,702 trading companies registered and 527 of the 733 private investment companies.

SALEROOM

BY ANTONY THORNCROFT

Arabian horses fetch £1.35m

SOTHEBY'S held one of its most unusual sales over the weekend at Scotsdale, Arizona, when it disposed of paintings—and Arabian horses. Top price among the paintings was the £35,135 which secured Indians in a Winter Landscape, by Hennings.

The horses did much better with Mymudira, a four-year-old mare, going to Paul Wood of Dallas for £221,622. Seventeen Arabians realised £1.35m, but they did not carry a buyer's commission, while the pictures did.

In London, Sotheby's sold a first edition of the 1543 De Humani Corporis Fabrica, by Vesalius, for £8,000, to a doctor. Halley's Catalogue Stellarum Austrelium of 1679 went for £6,000.

Domestic gas prices set to jump 23% this year

BY RAY DAFTER, ENERGY EDITOR

DOMESTIC gas prices are set to rise by 23 per cent this year.

The increase will be applied in two stages. Prices are expected to rise by an average 12 per cent on April 1 and a further 10 per cent on October 1. The move follows a directive from the Government that domestic gas prices must rise by 10 per cent a year in real terms.

Details of the increase have still to be confirmed by British Gas and area boards. At present domestic gas users pay 27.2p a therm plus a standing charge. In most areas the standing charge is £8 a quarter. Consumers in the northern area pay a standing charge of £7.50 while those in the Midlands pay £7.

In the past two years domestic gas prices have risen by almost 63 per cent as a result of the Government directive. Last year British Gas applied a two-stage increase of 15 per cent and 10 per cent. In 1980 the increases were 17 per cent and 10 per cent.

Energy Department Ministers have said the big domestic price increases were necessary to bring the tariffs of deliveries to homes and industry more into line. The Government has repeatedly said industry has been subsidising the domestic sector.

Industrial gas prices are also set to rise by 1p a therm from the beginning of next month. The increase, deferred from December 1 as an aid to British industrial and commercial concerns, will apply to customers with firm supply contracts — paying an average of 29p a therm — and to those on interruptible supply contracts, paying an average of 25.5p a therm.

The freezing of prices for three months has meant that many industrial and commercial users of gas are finding their annual bills about 3 per cent lower than expected, equivalent to £5,000 for a typical customer buying 500,000 therms a year. Most industrial gas supply contracts have an escalation clause which enables British Gas to increase prices once a quarter.

● British Gas, in its search for new supplies of natural gas, has made a discovery in the Irish Sea about 30-miles off Blackpool. The find still to be confirmed, is close to the corporation's important Morecambe gas field.

Operators on the drilling rig Apollo II are conducting tests in the exploration well. It is not known whether the rig has found oil or gas although it is known that the Corporation hoped to find natural gas.

The fact that some hydrocarbons have been located has been revealed by a gas flare above the well. Testing is expected to continue for another week.

British Gas is hoping to drill four more wells in the next five months. The jack-up rig is being shared equally with British National Oil Corporation in the 1982-84 period.

North Cormorant on stream

BY RAY DAFTER, ENERGY EDITOR

SHELL and Esso have commissioned production on their shared North Cormorant oil field in the North Sea. It is the second field to be brought on stream by the two companies in a matter of days—and the 20th UK offshore oil discovery to begin production.

Shell, the operator, said production from North Cormorant would average about 15,000 barrels a day for the first month. Output would then build to 30,000 b/d in the following months and reach a peak of 180,000 b/d by 1986.

North Cormorant, with 420m barrels of recoverable oil and 98 billion cubic feet of recoverable gas, is expected to be on stream for the next 20 years. It is being developed at a cost of about £500m. New designs, incorporating a lighter platform, have reduced costs by about £100m, Shell said.

On Thursday, Shell began extracting oil from the Fulmar field. This discovery, developed at a cost of £580m, should yield an average of 67,000 b/d during 1982 and 180,000 b/d in 1985. Partners in Fulmar include the British Gas/Amoco group.

The start of production from these two important fields adds urgency to the Government's present deliberations on depletion policies. Energy ministers are expected to make a statement on future production within the next few months.

The Government is not expected to introduce controls on North Sea output, even though production is likely to exceed by far Britain's oil consumption during the next few years.

It is understood the Treasury is concerned at the way falling oil prices are affecting oil revenue projections and is anxious to maintain a high level of production.

So, in essence, companies are likely to be told to continue exploration and development at their own pace on the understanding that they will reduce output if it is in their commercial interest to do so. At the same time, the Government will probably maintain measures that would be used to control production for strategic reasons.

Mr Hamish Gray, Energy Minister, yesterday congratulated Shell on accomplishing an "unprecedented double." The "great achievements" demonstrated the contribution of private enterprise in the North Sea, he said.

● The Government is about to issue more licences for drilling on land in an attempt to boost the momentum of onshore drilling. It is understood four new licences will be awarded to companies wishing to explore in West Sussex.

Reactor to reopen after £11m repairs

BY DAVID FISHLOCK, SCIENCE EDITOR

GOVERNMENT nuclear inspectors have approved the return to power of the first of two refurbished reactors at Britain's oldest commercial nuclear station, Bradwell in Essex, after repairs costing £11m.

Bradwell was shut by the Central Electricity Generating Board in May 1979, after the discovery of cracks in critical parts of its high-pressure gas cooling circuits.

The CEGB estimates that its absence has cost about £60m in replacement power.

The cracks were subsequently shown to have been in the components as originally made, and remained undetected by inspection. But it was also shown that they had not worsened with age over the 17 years Bradwell had operated.

Components from one of the six gas circuits of the station's No. 1 reactor were tested at five times their operating pressure to demonstrate their integrity.

The No. 1 reactor is now being returned to power on five of its six circuits, while the remaining circuit awaits new bellows to replace those removed for pressure testing.

The CEGB said last night that it hoped to have the No. 2 reactor on power later this summer.

Bradwell, originally commissioned in 1962, is currently rated at 245 Mw. Although originally designed for a 20-year life, the CEGB expects the refurbished reactors to continue operating well into the 1990s.

Slough Evening Mail to close

BY ALAN PIKE

THE EVENING MAIL newspaper, which circulates in the Slough and Hounslow areas, is to close with the loss of more than 200 jobs.

Since it opened in 1973 sales of the newspaper have dropped from 45,000 copies a night to 26,000. Losses for the next three years are forecast by the company at £1.6m.

The Evening Mail, belonging to Westminster Press, blames the closure on industrial disputes, which have hit production of 130 issues since its inception, and problems associated with introduction of computer technology in the past two years which have slowed production.

The decline in circulation has been accompanied by a drop in advertising revenue.

Closure will lead to redundancy for 109 of the newspaper's staff. The company says it will make every effort to find them alternative employment. The redundancies include 34 journalists and 24 sales staff. The others are distribution and clerical employees.

As a result of the proposed closure King & Hutchings, another Westminster Press division which prints the newspaper, announced yesterday that it would make 102 redundant, 41 part-time workers.

Mr George Higgs, managing director of King & Hutchings, said that to minimise loss of jobs the company intended to open two free newspapers in the Hounslow and Slough and Windsor areas.

● Union leaders submitted pay claims yesterday on behalf of members employed by the British Printing Industries Federation and the Newspaper Society, the body representing provincial newspaper publishers.

Respectability for Richard Ingrams

BY JAMES McDONALD

RESPECTABILITY would seem the last thing a satirical journal would seek, but willy-nilly it was imposed yesterday on Mr Richard Ingrams, editor of Private Eye, by Granada Television's What the Papers Say awards for 1981 at a London ceremony.

The programme, celebrating its 25th anniversary, gave silver jubilee awards to Express cartoonist Giles; Katherine Whitehorn of the Observer; Keith Waterhouse of the Daily Mirror; and Mr Ingrams.

Mr Harold Evans, editor of The Times, was named editor of the year. Mr Brian Inglis, of the programme team, said of him: "In the year he has been editor he has changed it almost out of all recognition. A remarkable achievement."

Mr Evans, with the future of The Times once again under threat this week, said wrily that it was "like giving the award for best yachtsman to the captain of the Titanic."

There were five days in which to save the newspaper, he said.

The Daily Mirror was named newspaper of the year; Mr Neal Ascherson of the Observer, reporter of the year for his reports from Poland; Mr Roy Hattersley columnist of the year for his column in the Listener.

Two more stockbroker firms to merge

By Christine Moir

TWO MORE provincial stockbroking firms intend to merge to take advantage of their strong private client business.

Yesterday Heseltine Moss and Co., a Reading firm which has very early links with the Stock Exchange, and Care Rowland, a Welsh firm, said they had been "talking" since November and intended to merge in the summer.

Between them they have about £250m of funds under management, more than £200m accounted for by Heseltine. They will have offices in nine towns throughout Britain, which they claim will be the widest network of any broking operation.

For Heseltine the attraction lies in geographical expansion into South Wales, which it sees as a beneficiary of regional aid and "an extension of the silicone route" to the West.

For Care Rowland, the merger lifts the burden of administration and back-room overheads, sharing of which allows the four remaining partners of the original six to concentrate on servicing clients.

In addition to a private client business Heseltine has specialised in research into computer electronics and corporate advice to electronic firms wishing to come to market.

The firm claims that 20 per cent of its business comes from institutional clients, mostly pension funds outside London in areas such as Reading and Bristol, where it has offices.

Laker's hopes of quick return are hit by CAA

BY JOHN MOORE

SIR Freddie Laker will not gain a lift off for his People's Airline as quickly as he would have liked. The Civil Aviation Authority warned yesterday that it would require "a lengthy process" before licences were granted to the airline.

Sir Freddie plans to launch a People's Airline in a joint venture with Lonrho, the international trading conglomerate headed by Mr Roland "Tiny" Rowland. Even Lonrho was cautious about the prospect of the new venture starting up yesterday.

"We will not make any move until we are satisfied on all points," said Lonrho, and added that the viability of the new venture had not yet been demonstrated "to our satisfaction."

Sir Freddie had spent Sunday in Paris with Mr Robert Dunlop, a Lonrho director, discussing with a major creditor, the Exim Bank, the question of leasing or buying planes for the new operation. The Lonrho-Laker combine is looking for five DC-10s to start the new operation.

"We shall not put money into the new operation if it is not sound," said Lonrho yesterday.

Sir Freddie is expected to apply to retain his existing Skytrain licences on the routes from London and Manchester to North America before they are suspended tomorrow.

The suspension warning was given last week to Mr Bill Mackey, the Receiver, who is continuing his attempts to sell the grounded Laker fleet of 20 aircraft and other assets of the crashed company.

The CAA said yesterday: "We are waiting for Sir Freddie to put his proposals to us. We do not know precisely what the licensing and other legal requirements will be until he makes some formal proposals."

Peter Riddell writes: MPs of all parties in the Commons are expressing increasing concern that Sir Freddie Laker's application for route licences should not be rushed through.

These worries were reflected yesterday in a statement by Mr Robert McCrindle, the Tory MP for Brentwood, and the chairman of the All Party Aviation Group.

Mr McCrindle said there could be no question of the "Laker Skytrain being back in business in a few days or even a few weeks. It would be unacceptable to many if the CAA were to make a special case of Sir Freddie Laker's new application, particularly when other British independent airlines are planning to make competitive applications."

Why Chemical Bank chose Cardiff

BY ROBIN REEVES

CARDIFF'S "outstanding" road and rail communications and the high cost of London office accommodation are among the reasons for Chemical Bank's decision to relocate a major slice of its UK operations in the Welsh capital.

Explaining the move yesterday, Mr Stanley Howells, the deputy general manager and vice president said the company had studied more than 20 cities within 150 miles of London before deciding on Cardiff.

During the next 12 months, about 150 of the 600 London staff will be transferred to Cardiff. A further 200 will be recruited locally.

Marketing and treasury services will stay in London but all support services will operate from Cardiff.

Mr Howells said that the company also required a large operations base, capable of providing a wide variety of manpower skills, and preferably a location with a university, given the bank's deep involvement with advanced technology.

An integral part of the project consists of an advanced telecommunications link between the two cities.

This link wil carry data, voice and image signals and convert them all into a digitally-coded form.

Mr Howells added that Cardiff's pleasant residential areas and the warm welcome Chemical Bank had received from local and central government agencies had also tipped the decision in favour of the Welsh capital. The move has attracted Government aid of £2m.

More chemical industry research urged

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE UK chemical industry must spend more on research and development if it is to meet competition from its West German, Japanese and U.S. rivals, according to an official report.

The report—drawn up by the chemicals economic development committee which acts as the industry's little "Neddy"—stressed that chemical companies will, however, need Government aid if they are to increase their research and development effort successfully. It said the Government is giving much more financial support to R and D in the aerospace and electronics sectors than to the chemicals industry.

The report said the importance of R and D "can hardly be exaggerated." But it warned that the recession has probably led to a general lowering of R and D.

It said the evidence shows that the UK chemical industry's record on innovation is "well below" that of Japan, the U.S., and West Germany.

In 1978 the chemical industry financed 97 per cent of its total R and D spending of £432m—a considerably higher proportion than other manufacturing sectors, the report said. At present the chemical industry "receives virtually no direct financial support from Government for R and D."

The report recommends:

● More spending on chemicals R and D particularly in higher added value areas such as pharmaceuticals, biotechnology, and polymer engineering.

● Increased tax allowances for R and D spending by chemical companies.

● Government action on patents. The report said that companies can spend eight to 10 years satisfying regulatory demands after a patent has been granted. The effective life of a patent is therefore reduced from 20 years to between 10 and 12 years. This hits pharmaceutical and agrochemical producers particularly hard.

Sir Geoffrey wrestles with M3

David Marsh looks at the centrepiece of the Government's medium-term financial strategy.

SIR GEOFFREY HOWE the Chancellor of the Exchequer, is wrestling during the run-up to next month's Budget with a tricky problem which goes to the heart of the Conservatives' anti-inflation strategy—what to do about the Government's monetary targets.

Sterling M3, the broad measure of the money supply, which the Government came to office pledged to control, has comprehensively breached the officially planned growth rates for each of the last three years.

Since the May 1979 election, sterling M3 has risen by around 52 per cent (after allowing for the new definition of the monetary sector which came into force at the end of last year).

Sterling M3 is enshrined as one of the centrepieces of the Government's medium-term financial strategy. But it has proved itself to be prone to accidents and distortions.

The Treasury has admitted that it no longer looks at the aggregate as the sole indicator of monetary conditions. But exactly what it is looking at—and the importance which it attaches to the alternative aggregates has become increasingly unclear.

The present confused picture is a far cry from the simple-minded strategy proposed by the Conservatives before they took office. Sir Geoffrey was one of the authors of the Tories' strategy document "The Right Approach to the Economy," published in 1977. This said: "Monetary targets, openly proclaimed and explained, can have a crucial effect in reducing inflationary expectations. The extent of that influence will depend on increasing public awareness."

In one, somewhat unconvincing, attempt at re-writing history, one Minister recently insisted in private that sterling M3 has all along been simply "a guide which the Government was using for its own internal purposes."

Sooner or later, however, Sir Geoffrey will have to come clean in public on the future of the unfortunate indicator. He has three broad options.

● He can formally ditch sterling M3, making an official admission that the Government was wrong in choosing it as the main monetary indicator in the first place. This might be honest—but would be difficult for political reasons.

Additionally, simply to abandon the indicator without setting up a replacement target would invite accusations of financial laxity. After all, according to orthodox monetarist philosophy, the extra amount of money that has entered the economy over the past three years must eventually end up in higher inflation.

● He can remain ambiguous. The Treasury has been amphasising for 18 months, ever since sterling M3 started to veer out of control, that the Government now looks at a range of indicators, including the exchange rate, in framing its monetary policies.

For Sir Geoffrey to continue this non-specific line would be the best low-risk strategy. The Treasury cannot after all miss a target when no targets are set. It would, however, leave the Government with no formal mechanism, apart from the sheer assurance of good housekeeping intentions, to influence expectations over the inflation rate.

● More adventurously, Sir Geoffrey can announce alternative monetary aggregates to replace sterling M3 targets. The broader measures of public sector liquidity, which have been less affected by distortions, like the expansion of the banks into mortgage lending, have been growing more reasonably than sterling M3, at around the top end of the Government's latest 6 to 10 per cent target. (By contrast, sterling M3 seems likely to finish the financial year with a growth rate of at least 13 per cent).

Narrow money, M1, has been growing more modestly all along. Investors have been putting money into longer term bank deposits (which are included in sterling M3 but not M1) to profit from high interest rates during the past three years.

● Another possible target would be the exchange rate. The value of the pound has loomed larger as a major influence on the inflation rate ever since sterling started to fluctuate under the thrall of volatile dollar interest rates last summer.

The Government has made no secret of its distaste for joining Europe's currency stabilisation scheme, the European Monetary System. It prefers to use what one Minister calls "political judgment" to determine where the rate should be.

The Treasury also denies that it is following an unpublished exchange rate target at present, even though it is looking suspiciously as if this is the case. The pound has remained in the range of 89 to 92 on the basis of its trade-weighted index for more than three months. This is one of the longest periods of stability since Mrs Thatcher took office.

There is no doubt that the Government has flexibility to downgrade or replace sterling M3. A little-noticed section of its medium-term financial strategy declares that "the way in which the money supply is defined for target purposes may need to be adjusted from time to time as circumstances change."

However, as recently as November Sir Geoffrey told the Treasury and Civil Service committee that the sterling M3 target had still to be "taken seriously." In the opinion of some of his advisers, he forsook a golden opportunity to underline the advantages of following some of the other indicators.

Whatever happens, Sir Geoffrey is unlikely—as he said he hoped to do in the last Budget, a year ago—even to try to "claw back" some of the excess sterling M3 growth that has already occurred.

Even if he sticks with sterling M3, and lets the past overshoot be so much water under the bridge, it would be difficult enough to achieve the planned 5 to 9 per cent growth for the next financial year. This growth rate, foreseen under the medium-term strategy, would represent an ambitious goal—a halving of monetary expansion compared with the last 12 months.

UK NEWS—LABOUR

BSC makes progress on local bonus schemes

By Brian Groom, Labour Staff

BRITISH STEEL Corporation has reached agreement on local lump-sum bonuses with unions representing half the 12,500 workers in its Teesside division.

BSC is pursuing agreement with the Iron and Steel Trades Confederation, the largest union, which agreed to the formula of a "zero" national wage award plus local productivity deals only two weeks ago.

Several local deals have been reached throughout BSC's divisions, and attempts are being made to bring the ISTC into all of them. In South Wales, agreement has been reached with the union at Llanwern and Port Talbot, says BSC.

The agreement announced yesterday at Teesside involves 1,000 redundancies among blastfurnacemen, craft and general workers, and managers and staff, by June 30. If ISTC signs, the total will be 1,900.

The deal is worth a minimum of 4 per cent if some of the job losses are achieved by March 31, and a maximum of just over 10 per cent if all redundancies, productivity measures and value-added targets are achieved.

Campaign begins against 'health service abuse'

By Our Labour Staff

A CAMPAIGN to monitor alleged abuse of the National Health Service by consultants treating private patients was launched yesterday by the Association of Scientific, Technical and Managerial Staffs.

The union claims that hard-pressed hospital staff are being stretched unnecessarily by additional work imposed by the private medical sector.

It also alleges that the National Health Service is losing substantial revenues by consultants failing to pay fees for the use of hospital facilities.

ASTMS is urging its 25,000 members in the Health Service to lobby health authorities to publish names of doctors in private practice using its facilities: to provide details of the services used and the fees paid for them; and to monitor the number of hours worked by NHS nursing and technical staff on private patients.

BR reports traffic loss to hauliers

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LORD McCARTHY and the members of the independent inquiry into the railways dispute will formally disclose their findings this morning. Their report is the main hope of ending the train drivers' strikes.

As all parties to the dispute were readying themselves for the McCarthy report British Rail gave its most serious warning so far of the effect of the strikes on the railway industry.

About 20 per cent of recently hard-won traffic was now being moved by road, said BR. Some £19m of contract business was threatened if the dispute dragged on.

Publications of the findings has come too late to stop another one-day strike today by members of the Associated Society of Locomotive Engineers and Firemen.

The Aslef executive is due to meet this morning to call further strikes next week, but it is likely it will consider the McCarthy report even though the union gave no evidence to the inquiry.

BR will also examine the inquiry's findings at a board meeting later today.

BR and union officials were still hopeful yesterday that the inquiry would provide a way out of the dispute—possibly by recommending that British Rail pay Aslef the outstanding 3 per cent and urging that the question of productivity and the eight-hour working day be put quickly through the industry's own negotiating machinery.

Mr Ray Buckton, Aslef general secretary, said yesterday that if such a formula were proposed, his executive would examine it. Mr Buckton and other Aslef officials met Mr Joe Gormley and Mr Mick McGahey, retiring president and vice-president respectively of the National Union of Mineworkers, to discuss the effects of the strikes on the movement of coal.

Efforts will be made to move coal by rail on drivers' working days, though a limited amount will be moved by road. But Mr Gormley insisted that there would be no permanent shift to road transport once the dispute was over.

Current losses total £85m gross, made up by passenger receipts (£51m), parcels (£10m), and freight (£24m). Freight losses in the long-term could run to £20m-£30m a year BR warned.

A special strike edition of BR's Railnews warned that at least 5,500 and possibly up to 16,000 jobs were at risk in addition to the 38,000 planned to go between 1981 and 1985.

Mr Cliff Rose, board member for industrial relations, said the BR was likely to breach the Government's £100m short-term borrowing limit in the next week.

Miners leader Joe Gormley (left) and Ray Buckton, the train drivers' leader, after talks yesterday to keep coal stocks moving

Turkey farms hit by strike over 25% claim

By Our Labour Editor

THE FARMWORKERS' union yesterday mounted a rare piece of industrial action—on a turkey farm.

The 1,200 workers with the company of Bernard Matthews at Great Witchingham in Norfolk and Holton in Suffolk struck in support of a 25 per cent wage claim.

The National Union of Agricultural and Allied Workers claims that the company refused to negotiate over the claim, saying it had been made a "take it or leave it" increase of £5 on basic rates.

The company said negotiations had gone on for two months, and that the claim amounted to 32 per cent.

The £5 offer would carry with it an enhanced attendance allowance of 67p a week, and would bring average earnings to more than £91 a week.

The company has written to employees, spelling out the state of the turkey industry and asking for a return to work.

Fears on Civil Service pay offer

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE Government is today expected to offer 530,000 white-collar civil servants a wages deal that will reflect its determination to bring market forces more closely to bear on Civil Service pay.

Treasury officials met yesterday for final discussion on the offer, although its overall shape has been clear for some time.

The proposals are expected to include a complicated range of offers, with higher rates for groups such as computer operators and clerical staff in London where recruitment is difficult.

However, even with this level of variation, some union leaders fear the size of the offer, overall, could be less than the 4 per cent cash limit on public services, which, under the terms of last year's pay settlement, does not strictly apply to central Government staff.

Some union leaders believe the offer should be rejected and that the union side should table its own proposals for arbitration, under another commitment given by the government last year to end the 21 weeks of strikes.

Others argue that the offer should be referred to their executives for closer study, and that no immediate answer be given. Even if this view prevails, however, the move towards arbitration could still be swift.

Union acts over race probe on jobless

BY IVO DAWNAY, LABOUR STAFF

THE Civil and Public Services Association launched a campaign yesterday to halt moves by the Department of Employment to monitor "racial" origins of claimants at unemployment benefit offices.

The union fears that two pilot schemes launched yesterday at 14 offices are likely to engender suspicion that people's colour is being taken into account by clerical staff assessing their level of benefit.

The pilot schemes, introduced to gauge the level of unemployment in ethnic minorities, require benefit office officials either to assess the ethnic background of claimants through their looks or accents, or to ask applicants to indicate their origin on a form.

The union points out that under both systems returns for white claimants are not made. Thus benefit staff will be seen by coloured applicants to appear to be discriminating between claims on racial grounds.

Mr Alistair Graham, CPSA general secretary-elect, said that though the union had no objection to ethnic monitoring in principle, it was vigorously opposed to the methods.

"This is a highly sensitive issue and a highly insensitive way of going about it," he said.

The union campaign is aimed at ensuring that the department withdraws its plan

Union plans to control BA pickets at Heathrow

By Brian Groom, Labour Staff

OFFICIALS OF the Transport and General Workers' Union are trying to prevent the week-old, British Airways ramp workers' dispute at Heathrow from worsening while efforts are made to find a solution.

Mr Ron Todd, the TGWU's national organiser, said yesterday: "I have asked for a controlled picket which will prevent the whole airport being thrown into chaos. If the whole of Heathrow becomes involved it won't solve anybody's problem."

He was maintaining informal contacts with BA and hoped to set up an early meeting to seek a breakthrough. He was not sure how long the "holding position" could be maintained.

A meeting of the 2,000 ramp workers will consider the situation this morning. They claim to have been locked out for refusing to operate new work schedules which form part of the airline's survival plan.

The "controlled picket" was yesterday restricted to Terminals 1 and 2. TGWU officials asked for it not to be extended again to Terminal 3, where some long-haul flights went without catering on Friday and Saturday, and to foreign carriers on Terminal 2 which do not use BA ramp staff.

Mr Todd has written to other unions with members at Heathrow, asking them to honour the official picket lines.

BA yesterday continued to maintain 87 per cent of European and domestic flights with the help of volunteers.

The airline claims to have suffered little financial loss because of the dispute. Wage savings of £300,000 have been set against passenger losses, and aircraft have flown with nearly 70 per cent of seats filled—a comparatively high figure.

Ramp workers' stewards are insisting on a return to work under old work schedules while talks continue. They rejected an arrangement, reached on Friday night in talks involving Mr Moss Evans, TGWU general secretary, for working the new schedules while holding discussions to modify them.

Merchant Navy officers lobby MPs on Sealink cuts

BY JOHN LLOYD, LABOUR EDITOR

MERCHANT NAVY officers yesterday lobbied the House of Commons in protest against plans by Sealink, British Rail's ferry subsidiary, to trim services and jobs.

The Merchant Navy and Airline Officers Association will today hold talks with the National Union of Seamen at Holyhead to discuss industrial action over plans to introduce competition to the Sealink service from Holyhead to Dublin by B & I, the Irish state shipping line.

Both unions have blacked the St Columba, the Sealink ferry operating from Holyhead. However, the NUS is likely to call off the action because of fears of job losses.

The MNAOA is also in negotiation with Sealink over the future of the Newhaven-Dieppe service. The service, under threat of closure, was saved following strike action by the seafaring unions and an agreement between Sealink and SNCF, the French railways, to introduce a new ferry on the service.

However, Sealink has said that it wants substantial redundancies and increased profitability. Mr John Newman, the MNAOA's assistant general secretary, said last night that the company had not specified the number of job cuts it wishes to make.

The continued operation of a third service, the train ferry from Harwich, was discussed at talks between the MNAOA and Sealink yesterday. The BR Board had told Sealink that it will not renew its freight contract with the service. Sealink had announced plans to sell two of its Harwich ferries and lay up the third, though these plans are now under discussion with the unions.

Mr Newman said there was "a glimmer of hope" from yesterday's discussions that BR might renew its contract. The union claims that service users will still provide a market for it, and that "minor adjustments in the pricing of the service would produce an increase in traffic."

Times redundancy talks reach 'total deadlock'

BY IVO DAWNAY, LABOUR STAFF

THE leader of the print union most affected by Times Newspapers' call for 600 redundancies by Thursday said yesterday that talks over job losses in key clerical departments had reached "complete deadlock."

Mr Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel (Natsopa) said he did not believe any major decisions over the newspapers' future would be taken until Mr Rupert Murdoch, the chairman, returned from the U.S.

"We want to start talking to him at top level and get some reasonable timetable against which we can break the deadlock that presently exists," Mr O'Brien said, in a BBC interview.

He added that he did not consider the company's call for 600 redundancies — about 550 of them Natsopa members — realistic.

Asked if he would accept the redundancies if Mr Murdoch persisted with his threat to close the newspapers, Mr Owen replied: "No. I dont think I can accept 600, irrespective of the consequences, which I obviously very much regret."

Later in the programme, Mr John Smith, Opposition trade spokesman, said he would press the Government to call an immediate meeting with the papers' independent national directors.

"The Government recommended the acquisition by Mr Murdoch of the Times and the Sunday Times on the basis that there were adequate public safeguards," he said. "I'm not sure that they look adequate now since Mr Murdoch appears to be diverting the titles of the newspapers away from the company that owns the newspapers."

Mr Harold Evans, editor of The Times, told journalists that he regarded the transfer of the two titles to be in the best interest of the papers.

Tory anger over closure plan for naval dockyards

BY IVOR OWEN

MR PETER BLAKER, Minister of State for the Armed Forces, was given a rough ride by Tory back benchers in the Commons last night, when he sought to justify the closure of Chatham and Gibraltar naval dockyards and the rundown of Portsmouth.

At one point, he was accused by Sir Frederick Burden, (Con. Gillingham) of misleading the House by suggesting that a mid-life refit for a Leander class frigate—work which dockyards will no longer be required to undertake—costs £70m.

"Not one has so far cost £70m," Sir Frederick protested.

Mr Blaker said the £70m was the estimated cost of the refits taking place when the outcome of the latest defence review was announced last summer.

Sir Frederick clashed with the Minister again over the effect of Chatham's closure on the ability to provide adequate refitting and refuelling facilities for nuclear submarines.

He refused to accept Mr Blaker's assurance that all the naval experts were agreed that adequate facilities would be available at the Devonport and Rosyth naval dockyards.

Mr Blaker insisted: "We shall have enough capacity in these two dockyards to do all the refitting of nuclear submarines we shall need."

Mr Keith Speed (Con. Ashford) who was sacked from his post as Navy Minister last year for criticising proposed cuts in the surface fleet, challenged the minister on the implications of the decision to end mid-life refits for the Leander class frigates.

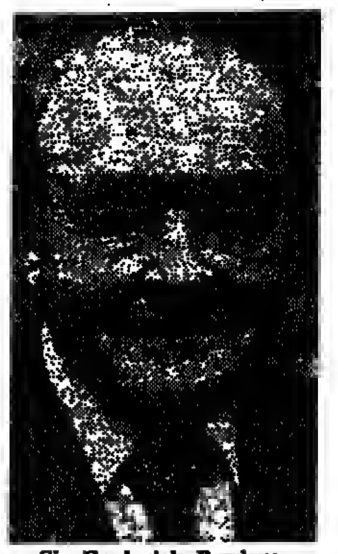
He asked how it would be possible to ensure that Type 42 destroyers or Type 21 frigates would be able to keep abreast of modern developments in electronic warfare, underwater warfare and anti-aircraft warfare if there was no provision for modernisation.

"Our ships will be obsolete," he warned.

Mr Blaker replied: "The answer is we will have more new ships more often."

Mr Blaker said that during the coming financial year the Royal Navy would take delivery of an aircraft carrier, a hunter-killer nuclear submarine, two Type 42 and one Type 22 frigates and one mine counter-measures vessel.

The Government would also be placing an order for the development and production of the Sea Eagle anti-ship missile aimed to met the needs of the Royal Navy and the RAF.



Sir Frederick Burden: accusation

He confirmed that the Government is still planning to buy 385 Tornado aircraft. The ground attack version of this aeroplane was now coming into service and the training wing of the RAF had said it had never been more pleased with a new aircraft.

Mr Blaker re-affirmed the Government's commitment to securing the Trident missile system as a replacement for Britain's Polaris strategic deterrent.

Mr John Silkin, Labour's shadow Defence Minister, recalled that a regular feature of the 10 election victories which Sir Frederick Burden had achieved in Gillingham was the reiteration of a pledge that Chatham Dockyard would be kept open by a Conservative government.

He stressed that the closure of Chatham would have a devastating effect on all the Medway towns.

Mr Silkin argued that the closure of Chatham and Gibraltar dockyards resulted from the Government's decision to distort and bloat the defence programme by the extravagant and unnecessary acquisition of Trident as a replacement for Polaris.

Any potential revolt by Tory back benchers was headed off by the Government through the use of a procedural device.

Ministers voted against the closure and a vote was avoided on a motion moved by Sir Frederick Burden expressing concern about the impending dramatic reduction in the Royal Navy's surface fleet and lack of capacity to refit submarines.

Young Socialists urge strike by trainees

By Elinor Goodman, Political Correspondent

THE LABOUR PARTY Young Socialists yesterday called on trainees in the Government's Youth Opportunities Programme to strike in support of a day of protest at the conditions offered to participants in the scheme.

Mr Andy Bevan, the party's youth officer, said youngsters in Merseyside were already planning to strike next Thursday.

Wherever YOP trainees were sufficiently well organised they should go ahead and strike, he said.

Mr Bevan was speaking at the launch of a campaign being organised by the LPYS and the newly formed YOP Trainee Union Rights campaign.

Its aims are to win YOP trainees trade union rates of pay, free travel to work, five weeks paid holiday and a guaranteed job at the end of the scheme.

The campaign is backed by Labour's national executive committee, and Mr Tony Benn was on the platform for yesterday's launch.

But the Labour Party was careful to distance itself from the calls for strike action. Mr Benn said it was up to the workers themselves to decide wether to strike, but he said Labour supported young people trying to defend their living standards.

At present YOP trainees get £25 a week under a scheme originated by the last Labour Government.

This will fall to £15 a week when the Government introduces its extended training scheme for school leavers next year.

Mr Benn yesterday described YOP as a "cheap labour scheme." He will address a mass rally at Westminster in support of the campaign on February 25.

Alliance agrees Hampshire seats

SDP is to fight eight of the 14 seats in Hampshire under the terms of a deal agreed provisionally by local Liberals and SDP members.

The Liberals will defend the Isle of Wight, and will contest Aldershot, Fareham, Gosport, Eastleigh and Petersfield.

The Social Democrats will fight Southampton, Itchen, which is now held by the SDP MP Mr Bob Mitchell, plus Southampton Tests, the two Portsmouth seats, Basingstoke, Winchester, Havant and a new seat being formed around Christchurch.

Arrests as Scottish MPs meet in Edinburgh

FINANCIAL TIMES REPORTER

TWO MEN and a woman were led away by police after heckling broke out in the public gallery during yesterday's first sitting in Edinburgh of the Commons Scottish Grand Committee.

The protest came as the committee was nearing the end of a debate on youth unemployment.

Mr Alex Fletcher, a Scottish Under Secretary, was speaking when a man shouted from the gallery: "I'm unemployed and you haven't solved my unemployment yet."

There was another shout of: "Neither Labour nor the Tories have done anything for Scotland; both of you are useless." A man then tried to unfurl a banner.

The three were later taken away in a police van.

The protest came on a historic day with Scotland's MPs gathering north of the border for the first time since the 1707 Act of Union.

The Grand Committee met in the plush debating chamber of Edinburgh's old Royal High School, which was to be used for a Scottish Assembly until the inconclusive referendum on devolution which indirectly contributed to the downfall of the last Labour government.

The MPs were greeted by more than 150 demonstrators chanting: "We want work."

They were from BL's strike-bound truck plant at Bathgate, the doomed aluminium smelter at Invergordon, and from a Plessey plant at Bathgate threatened with closure next month.

Mr George Younger, Scottish Secretary, announced during the debate plans to extend Government aid for young people.

These included 13,000 extra one-year training and education schemes under the Youth Opportunities Programme. Scottish Labour MPs were unimpressed.

Mr Dennis Canavan (Stirlingshire West) said: "This Government is creating almost a lost generation of young people being sacrificed on the altar of their own extreme doctrinaire monetarism.

"We are lumbered with a Secretary of State for Scotland and ministerial lackeys who stand around with their hands in their pockets while de-industrialisation is taking place in Scotland to an extent that has never taken place before in the whole history of Scottish industry."

Mr Fletcher replied: "The pointer to new and secure jobs in the future is the fact that almost unparalleled in West European countries, inflation in Britain is coming under control, and all the prospects are that it will reduce significantly over the next year."

Earlier, Mr Gordon Wilson (Dundee East), the Scottish National Party leader, had sought unsuccessfully for the debate to be extended to a full day, and for its scope to be widened.

Afterwards he said: "It was very good to be on home ground, especially in such a magnificent setting. But it was Westminster pomp without the power. It is certainly no substitute for the real thing."

Borrowing warning on Budget

By Max Wilkinson, Economics Correspondent

THE MAIN PURPOSE of the Budget should be to help economic recovery, but it would be folly to try to achieve it by excessive public borrowing, Mr Jock Bruce-Gardyne, Economic Secretary to the Treasury, said yesterday.

If the Government were to take the advice of those who called for a big increase of borrowing and a simultaneous reduction of interest rates, it would be very difficult to sell gilt-edged stock, even if reflationary measures resulted in higher savings.

"We should not have the nation's savings queueing at the Treasury's door. On the contrary, they would not be seen for dust."

"People would rapidly conclude that we had given up the struggle with inflation.

"The exchange rate would crash, prices would soar and the only way we could find anyone to take our gilts would be to offer them at bargain-basement prices and at rates of interest calculated to give a brand new meaning to the ancient trade of usury."

He added: "I find it particularly ironical that many of those who urge us to throw all caution to the winds are also the first to criticise the U.S. for raising public expenditure, lowering taxation and letting debt mount, with the consequences we all know about for worldwide interest rates."

To follow this route would be to squander the progress, which had been made, at great cost, in the past two years towards restoring Britain's competitiveness.

It was on better competitiveness, that long-term hopes of prosperity must depend.

Select committees two years on: a good start—could do better

PETER RIDDELL, POLITICAL EDITOR, ON THE BALANCE OF POWER AT WESTMINSTER

A NEW dimension has entered the public debate about policy making in Britain in the last 2½ years.

Every Monday and Wednesday along the main committee corridor in the House of Commons can be seen the men (and only rarely women) of power appearing before one of the 12 departmentally-related select committees and the two national committees for Scotland and Wales which were set up at the end of 1979. This week, for example, there are 19 hearings in public.

But have the select committees fulfilled the objective of changing the balance between the back bench MPs and the executive?

There is no generally accepted answer at Westminster, and many MPs would challenge the validity of the question. The very idea of these committees has always been questioned by those, like Mr Michael Foot, Labour's parliamentary leader, who believe the chamber of the Commons should be the centre of the political debate: between tightly knit parties carrying out manifesto commitments and Oppositions challenging them.

There has also been the worry the active committees would reduce attendance in the chamber.

The record of the committees has been reviewed by Mr Edward du Cann, Conservative MP for Taunton, and one of their strongest supporters, in a lecture to the Manchester Statistical Society. Mr du Cann is chairman of both the Treasury and Civil Service committee and the liaison committee of select committee chairmen.

He noted in his lecture that the 14 committees had published 138 reports, of which 100 were substantive ones, including those of the Government's economic strategy, on Civil Service pay, on nuclear weapons, one race relations and on BL, have been widely discussed.

He argued that the committees had been pertinacious, consistent watchdogs of the public's interest, and were becoming increasingly influential. In addition, they had been able to offer "worthwhile work for 150 back bench MPs" and had brought "a new emphasis to parliament's work."

He maintained that they gave a more honest picture of activity in the Commons than the party dogfight on the floor. For this reason he favoured the introduction of TV cameras into the committee rooms.

An alternative view held by several ministers is that the committees have imposed excessive burdens on ministers and civil servants in the preparation of memoranda and ahead of public hearings. Some ministers allege that committees have become too keen to take up contentious and populist issues to hammer the Government, and that they have devoted insufficient time to their proper task of examining the work of departments.

Du Cann: a new emphasis to parliament's work

It is clear that the committees have varied in quality. The environment committee is widely acknowledged, for example, to have made little impact, and the Scottish committee has suffered from a rapid turnover of members.

Looking ahead, Mr du Cann suggested that time for debate on the floor of the Commons should be reserved for debate on committee reports on, say, six half days a year. The subject would be decided by the liaison committee. The reports are now debated on an occasional basis, though they are often quoted.

On the question of special advisers, Mr Du Cann pointed out that the cost was no more than an average of £6,000 per committee, though more staff qualified as accountants and business managers would be needed.

He said there should be further room for the creation of sub-committees, and suggested that the trade and industry committee could be split. He admitted that the lack of a single committee covering nationalised industries was now being felt.

He also discussed whether the committees should be involved in the examination of estimates, and suggested that ministers should be required to justify their estimates before MPs.

The committees had "made an honest start, but only that," he concluded.

It is fair to conclude that most of the new committees have made a useful start in scrutinising the work of the executive.

While they have certainly made an impact on the time and attention of ministers and senior officials it is so far less easy to see where they have influenced final decisions and policies, though they have undoubtedly contributed to the climate of informed opinion on issues such as economic policy and race relations.

Commons Sketch

Science and the art of government

THE RELATIONSHIP between the scientific community and successive governments has had a fascinating and chequered history.

In the late 1950s the ebullient Lord Hailsham held a shadowy responsibility for science. Then we had Tony Benn, in his "boy scientist" phase, as Minister of Technology.

But Mrs Thatcher was having none of this tinkering when she came to power.

As a former research chemist for Jo Lyons she herself took on the role of scientific co-ordinator.

For a time we were bombarded with pictures of the Prime Minister rushing around French nuclear power plants full of praise at the marvels that were being achieved.

Meanwhile, at Westminster, MPs and peers continue to search for the great science policy which they seem to envisage as the mysterious X factor which will sweep us all into the gleaming 21st century.

Yesterday peers were debating the report from their own select committee on science and technology.

With lordly understatement this questioned whether the busy Prime Minister could carry out her science job "in the way a less preoccupied minister might."

Just down the corridor the Commons committee on education, science and the arts was pursuing its own investigation.

The star witness was Dr Robin Nicholson, the newly appointed chief scientist to the government's Think Tank.

The committee chairman, Mr Christopher Price (Lab. Lewisham) made a forceful attempt to find out how the Think Tank approaches its task.

Had Dr Nicholson, for example, found it necessary to give advice directly to the Prime Minister since taking up his job?

Cautiously, the good doctor replied that he had not so far felt the need to do so.

But, persisted the brash Mr Price, would he be prepared to "leap frog," the Cabinet Secretary in order to make a direct approach to the Prime Minister?

Judiciously, Dr Nicholson said this would be very unlikely.

Another blunt fellow on the committee, Mr John McWilliam (Lab. Blaydon) said that after hearing recent evidence from ministers, he found it difficult to observe any science policy in existence at all.

This brought an intriguing response from Dr Nicholson, who felt that science was so pervasive in all government work that it was hard to see how you could have a science policy—certainly not one you could encapsulate in a single paragraph. That was probably why no other country had developed such a policy.

By this stage the inquiry had begun to resemble the long search to pin down those elusive basic particles, the quark and the neutrino.

Nevertheless, further relentless research is expected.

John Hunt

Greek call for return of work of art rejected

Financial Times Reporter

A CALL to return the Elgin Marbles to Greece from their home in the British Museum was rejected by the Government in the Lords.

The restoration to Athens of the celebrated Parthenon sculptures has been demanded by the actress and singer, Melina Mercouri, the Greek Minister of Culture. Her plea was taken up in the Lords by the former Labour Arts Minister, Lord Jenkins of Putney.

He urged Environment spokesman Lord Avon to make sure the museum authorities "do not drag their feet in this matter, nor adopt an indefensible policy of what we have we hold."

Lord Avon said the Government had no plans to return the Elgin Marbles. The ownership was vested in the trustees of the British Museum and the Arts Minister saw no reason to change the law.

Thatcher acts on plans for dangerous cargo moorings

FINANCIAL TIMES REPORTER

PRIME MINISTER Margaret Thatcher has asked for a review of how plans to moor large tankers with dangerous cargoes are handled, following the proposal to moor such a vessel in the Solent.

The issue was raised yesterday in a Commons written question by Mr Robert Adley (C, Christchurch and Lymington).

He asked if Mrs Thatcher would act to improve co-ordination between the departments of Trade, Transport, Energy and Environment when considering plans to moor big tankers with hazardous cargoes in offshore waters.

Mrs Thatcher replied that "in general" she was content with the present arrangements. But she wrote: "In view of the issues raised by the proposal to moor a tanker for storage of liquefied petroleum gas in the Solent I have asked the Transport Secretary [Mr David Howell] to consider with colleagues whether there is any scope for improving present arrangements."

Later, Mr Adley welcomed the Prime Minister's initiative as "a major step forward." He said: "At present these matters are dealt with by so many departments that no one knows where one department's responsibility starts and another one's ends.

"Oil companies know of this uncertainty and it makes it easier for anyone who wants to abuse the system to play one department off against another.

"I am sure the Prime Minister's announcement will concentrate the minds of Ministers with different responsibilities. The sooner they realise how important are their responsibilities and how this itself is a danger in protecting the environment, we will all be better off."

TECHNOLOGY

EDITED BY ALAN CANE

Thrill-a-minute as the sales roller-coaster climbs and drops

BY JOHN CHITTOCK

THE SHOW-BIZ industry of video is now offering its passengers a thrill-a-minute—as the roller coaster soars upwards with booming sales of VCRs and new technical developments, and plummets down again as the promises of the past remain unfulfilled.

For those whose fortunes are based exclusively on the video disc, the roller coaster nearly came off the rails last week—first with the news that IBM and MCA were pulling out of their video disc partnership with Pioneer, and then with the gloomy results of a UK magazine survey published last Friday.

The reader survey made jointly by *What Video* and *Popular Video*, found only six respondents out of 3,781 who intended to buy video disc players. With RCA failing miserably last year to reach its U.S. target sales of 200,000 players, the video disc camp must feel the darkness enveloping them.

Cheer leader

As an honorary member of that camp (some might say a cheer leader), let me now give the good news. In the UK the Mothercare retail chain has been impressed enough by the video disc as a point-of-sale tool to import a few NTSC American standard players (with corresponding NTSC television sets); consumer sales of players in the U.S. last year showed a 230 per cent gain on the previous year; and RCA has just reduced the price of its SelectaVision player by $150 to $349.95.

The cynics will say, with some justification, that such good news does nothing really to dispel doubts about the viability of the video disc as a consumer product.

Baby product

The Mothercare application involves only five players and—like many in the U.S. such as Sears Roebuck and Sperry and Hutchinson—makes use of the interactive facilities of the video disc, not consumer entertainment. The rapid rise in sales last year was attributable to RCA's entry into the market in March. The price reduction was merely confirmation of heavy discounting (to as low as $299) already applied by some U.S. retailers.

Video and Film

But my examples are chosen with care for another reason. The interest shown by Mothercare and others underlines how important is the interactive facility of the video disc—which is why the baby product chain rejected video-cassettes. The RCA boost to the statistics, and the slashing of the price, only repeats a pattern already been experienced by the video-cassette industry.

The first VCR's became available in 1971 and achieved miserable world sales of 48,000 units. By 1973 it had still grown to only 140,000, but doubled by 1974. Against these world statistics, the US-only figure of 140,000 video disc players by the end of last year—three years after the commercial introduction of one system in only one city (Atlanta)—doesn't look so bad. Nor does the price either against the ex-VAT figure of £710 for the VHS video-cassette machine when introduced in the UK in 1978.

Criteria

The videocassette boom has been a long time coming if measured by conventional consumer product criteria. At the start there was very poor public awareness of what the product was and what it did. The turning point came about four years ago when the graphs started to climb steeply—in August 1978, for example, UK videocassette recorder imports were up 261 per cent on the previous August. It is no coincidence that 1978 was also the year that Japanese consumer machines became available for the first time.

This year, nearly 10 years after Philips first demonstrated its unique optical video disc system (but only four years since its limited commercial launch) ignorance about video discs remains widespread, normally well-informed people with whom I discuss the subject still show amazement when told why it is different from video-cassettes (thousands of indexable still pictures, instant retrieval or re-sequencing of stills and movie sections, stereo sound, broadcast quality, no wear, cheaper, teletext capability, etc.).

Relentless

The low perceived value of the video disc is partly inevitable with a produce which is still only available commercially in two countries (the U.S. and Japan). But the manufacturers have not helped by relentlessly trying to play the videocassette market at its own game—majoring on movies instead of programmes which exploit the unique characteristics of the disc.

It is therefore no surprise to learn that only six video magazine readers out of 3,781 would plan to buy video disc players. In 1974, a *Screen Digest* survey of industrial audio-visual users found only 74 per cent who had decided to use videocassette recorders; it would be difficult now to find an industrial a-v user who does not own (or rent) a videocassette recorder.

Interactive

If there is to be a turning point at all for the consumer video disc, it may come later this year when JVC launches its VHD system. Not only will this be a multi-national launch, from a vigorous Japanese company, but it will be supported by a programme policy pioneered in the UK by Thorn EMI—which does recognise the difference.

Thus, in the initial VHD catalogue only 60 per cent of the programmes will be feature films. Other material will cover music, documentaries, information and the interactive capabilities of the disc. Maybe such material may not appeal to the 3,781 respondents of the video magazine survey; but since 94 per cent of households have still yet to buy any kind of video machine, the needs of potential video disc owners are wide open.

There is dedication to the video disc, as exemplified by the work of a group at Nebraska University, which runs seminars and publishes a monthly report, *Videodisc News*. Much of this activity is orientated to education and industry, but that is exactly how the videocassette began in the 1970s.

HP 32-bit record breaker

BY LOUISE KEHOE IN CALIFORNIA

HEWLETT PACKARD, a company well known for its laboratory instruments, calculators and small computers, has taken a dramatic lead in semiconductor technology.

The company has developed and is putting into mass production, a set of semiconductor chips that represents a major step forward in the art of chip production, outclassing anything that U.S. or Japanese semiconductor manufacturers have yet been able to achieve.

HP has designed and built a 32-bit microprocessor that breaks all previous records for the number of devices crammed on to a chip of silicon. Others have produced such devices in a laboratory, but HP claims to be able to produce commercial quantities of the new chips, and the company expects to be marketing a computer built around them "in about a year."

With just six semi-conductor devices, HP will be able to build a computer system that has the performance of a mid range mainframe. Each of the new chips has been custom designed to work optimally together. "Most computers are designed by mixing and matching—off the shelf and custom chips to form a system. We designed this one from the ground up in the interests of better system performance. Each chip in the set is designed to complement and enhance the performance of the others," explained Mr S. Dana Seccombe, a member of the HP design team.

At a major semiconductor conference in San Francisco this week, HP unveiled the newest member of its "superchip set"—a memory device that is three times as densely packed as today's commercially available circuits. The 128 K dynamic ram also doubles the data storage capacity of the standard 64 K ram.

HP will not say too much about how it manages to make this circuit, but it is understood that conventional optical methods of laying down the circuit patterns are employed. It is significant that HP have not turned to electron beam writing to make the new circuits. While E-beam systems can produce very fine patterns on a silicon wafer they are much slower than optical systems. This makes them very expensive to use on a production line. Optical systems, on the other hand, are less precise but have a higher throughput.

Apparently, HP has been able to refine the production processes to such a degree that features sizes on the chip are only one micron — or 40 millionths of an inch—apart. This tight packing decreases the distance that an electrical signal must travel when adding, subtracting or processing information, greatly increasing the speed of the system.

Illustrating the complexity of the new memory chip, Seccombe said that it contains 1½ times the number of parts in a jumbo jet—or 660,000 devices—the most circuitry ever built into a single chip and proven successfully in testing.

HP's entire chip set consists of a 32 bit processor, memory controller, read only memory, random access memory, input-output processor and clock generator. All the chips are implemented in the advanced one micron technology. The processor chip, which is a quarter inch square and about as thick as a piece of heavy paper, contains 450,000 transistors.

While the compact design of the HP devices improves the performance of the computer system, it also results in high heat dissipation, due to high power density. To eliminate any heat-related problems, HP has developed a copper core packaging technology. The chips are layered interconnections are mounted directly onto the copper substrate. Thus, dissipative cooling is built into the system, allowing it to operate without special cooling equipment.

With its new chip set, HP has advanced the state of the art in semiconductor chip production, but more importantly for the company, it has produced one of the most advanced microprocessors to date. Other minicomputer companies are working on 32 bit micros, but none is believed to be as far advanced with its development.

Among the commercial suppliers of semiconductor chips, Intel is the only company to have introduced a 32 bit microprocessor. While Intel's 432, introduced a year ago and still to be used in any commercially available product, probably still holds the crown for its adaptability to different types of applications HP's chips are way ahead in terms of transistor density.

IBM introduces a VDU for the blind

BY ALAN CANE

THE IDEA of a computer visual display unit for the blind is no longer as crazy as it might seem.

IBM has now extended the concept it introduced a couple of years ago as the "talking typewriter" to computer terminals.

It now offers what it describes as an "audio output feature" for its standard 3278 screen which produces electronically-synthesised speech, enabling blind or partially sighted people to hear, rather than see, what is on the screen.

Calculators and other small scale electronic devices have been available with speech synthesis chips for some time—watches, for example, which speak the time—but the IBM development is one of the most ambitious developments of its kind.

The audio output feature was developed at the Hursley Laboratory near Winchester, Hampshire, which is one of IBM's major advanced products research centres. It will be manufactured at the IBM plant at Greenock, Strathclyde.

The terminal will read any information displayed on the screen including system status, fields which have been highlighted with brighter character and so on. IBM believes the new terminal will make possible new opportunities for blind or partially sighted programmers.

It operates through the refresh buffer. Information on a video screen has to be constantly refreshed at a rapid rate which means the information on the screen has to be stored in a buffer memory.

The audio output system uses the information in the buffer memory to drive the speech synthesis circuits.

The screen itself, looks like a common-or-garden 3278 but has an additional 16-key key pad laid out telephone dial pad style and three extra control knobs. The keys are not marked with braille characters.

It seems that a minority of blind people use braille and in any case, trained touch typists would have no need of such a facility. If an untrained typist is using the machine, it can be programmed to repeat each letter after each individual keystroke.

The user can choose one of three audio output formats. First, where the contents of the screen are read as one would read a book with each word pronounced separately but without incorporating punctuation.

Second, where, in addition, spaces and punctuation marks are announced and three, spell format where all words or groups of characters are spelled out.

Although IBM is saying nothing about future possibilities at the moment, it is clear that "talking terminals" could play a part in the development of sophisticated electronic mail services, either for the blind or the sighted.

Hand units for factory robots

A RANGE of pneumatically operated hand units for fitting to the main arms of factory robots is now available from Haynes and Fordham, Unit 1, Springfield Industrial Estate, Farley, Leeds (0532 552075).

Devices consist of two pivoted fingers operated by a single or double action pneumatic cylinder. The fingers have a pattern of drillings which allow the attachment of finger pads designed for specialised products.

Three sizes are available for gripping loads of 4kg, 6kg or 14 kg.

Emulsifier device

CLAIMED to be a reliable mixing and control device for water and residual oil which can be added to most types of Weishaupt heavy oil burner installations. The unit has been introduced by the company, Weishaupt (UK), Willenhall, West Midlands. Three sizes of the W-EG emulsifier are available. More on 0902 69841.

Cowl to solve draught problem

A ROTATING turbo-type cowl working on the venturi principle could solve the problem of down-draught in factory chimneys, says Mansfield Pollard, Crown Works, Bradford, West Yorkshire.

The stronger the wind, the greater the cowl's effective suction, the company claims. The system relies on the compression of airflow through a turbo ring creating suction at the outlet.

The cowl has been tested in winds up to 60 mph, is made of galvanised mild steel plate or stainless steel, at standard sizes from 100mm to 200mm, or to suit customers' requirements. More from 0274 24466.

PUBLIC NOTICES

Competition Act 1980

Anti-competitive Practice investigation Sheffield Newspapers Limited

Competition reference under section 5

The Director-General of Fair Trading has published a report under section 3 of the Competition Act 1980 (the "Act") stating that certain courses of conduct pursued by Sheffield Newspapers Limited constitute anti-competitive practices and that it is appropriate for him to make a reference under section 5 of the Act. The Director-General has not accepted from Sheffield Newspapers Limited undertakings which, in his opinion, cover every course of conduct which is described in the report as constituting an anti-competitive practice. Therefore, in exercise of his powers under section 5 of the Act the Director-General hereby makes a reference to the Monopolies and Mergers Commission (the "Commission") as follows:

(a) the person whose activities are to be investigated by the Commission is Sheffield Newspapers Limited;

(b) the goods and services to which the investigation is to extend are newspapers, the service of distributing newspapers and similar publications which consist wholly or mainly of advertisements, and advertising services in relation to the advertising of real property;

(c) the courses of conduct to be investigated are:

(i) the supply of newspapers to newsagents on the terms of clause 5(d) of Sheffield Newspapers Limited's "conditions of supply—September 1980," including any amendment to that clause effected by its letter of 24 October 1980 or its notice of 10 February 1981; and

(ii) the granting of an annual discount to estate agents of 5 per cent on condition that an estate agent should advertise in the Property Telegraph for at least 48 weeks out of 52.

A report of this reference is to be made within the period of six months beginning 21 December 1981.

The Commission will investigate and report on whether Sheffield Newspapers Limited have been pursuing the courses of conduct specified at (c) above at any time during the 12 months ending on 21 December 1981 and if so, whether they amount to anti-competitive practices. If so, the Commission will also report on whether the practices operate, or might be expected to operate, against the public interest and, if so, what are the effects adverse to the public interest.

If you have any information which would help the Commission in their inquiries please write as soon as possible to:

The Secretary,
Monopolies and Mergers Commission,
New Court,
48 Carey Street,
LONDON WC2A 2JT.

THEATRES

TALK OF THE TOWN, CC 01-734 5051. For reservations—or on entry—London's greatest night out. From 8 pm. 5 HOURS OF TOP ENTERTAINMENT. THE TALK OF THE TOWN GALA GALAXY REVUE (9.30 pm). MATT MONRO (11 pm). Dinner, dancing, three bands.

VICTORIA PALACE. CC 01-828 4735-6. 01-834 1317. Evgs 7.30. Mats Tues. Wed & Sat 2.45. JOHN INMAN, ARTHUR LOWE, IAN LAVENDER in MOTHER GOOSE. Group sales 01-379 6061 & Teledata 01-200 0200 (24 hours). FINAL WEEK.

VICTORIA PALACE THEATRE. Opens March 11 — Limited season. Previews March 5-10. ELIZABETH TAYLOR in THE LITTLE FOXES by LILLIAN HELLMAN. Advance Box office open 01-834 1317-8. 01-828 4735-6. Credit cards accepted. Group sales 379 6061.

WAREHOUSE, Donmar Theatre, Earlham St., Covent Gdn. Box office 836 6808. THE ROYAL SHAKESPEARE COMPANY THE MAID'S TRAGEDY by Beaumont & Fletcher ton't 7.30 pm. Next perf GOOD 19 Feb.

WHITEHALL. Box off. tel. 01-839 6975. 01-930 8012-7765. CC 01-930 6693-6694. Group sales tel. 01-379 6061. Whitehall's latest farce ANYONE FOR DENIS? by JOHN WELLS. Directed by DICK CLEMENT. MON-SAT EVES 8.15 pm. MAT SAT 5.00 pm.

WYNDHAM'S. S 836 3028. CC 379 6565. Group reductions 836 3962. COLIN BLAKELEY. ROSEMARY LEACH in ARTHUR MILLER'S ALL MY SONS. Directed by MICHAEL BLAKEMORE. Mon-Fri 7.30. Sat 4.30 & 8.00. Wed mat 2.30.

ART GALLERIES

NICOLA JACOBS GALLERY, 9, Cork Street, London, W1. Tel: 437 3868. PAUL ROSENBLOOM PAINTINGS. Running until 11 March.

MATHAF GALLERY, 32, Motcomb Street, London, SW1. Tel: 235 0010. Specialists in 19th Century and Contemporary Paintings in ARABIA.

MARLBOROUGH, 6, Albemarle St., W1. RUFINO TAMAYO — RECENT PAINTINGS until 6 March. Mon.-Fri. 10-5.30, Sat. 10-12.30.

WHITECHAPEL ART GALLERY, Whitechapel High St. 377 0107. Tube Aldgate East. To 7 Mar. WHITECHAPEL OPEN EXHIBITION. Sun-Fri, 11-5.50, cl. Sat. Free.

THE PARKER GALLERY, 2, Albemarle St., Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings of Ship Models.

CRANE GALLERY, 171a (1st Floor), Sloane St., SW1. 235 2464. English Country Art. Paintings, Furniture, Quilts, Decoys, etc. Featured in Vogue, Harpers, House & Garden. Also Sun. Times, Observer Colour Supps. Daily 10-6. Sat. 10-4.

CRANE KALLMAN GALLERY, 178, Brompton Rd., SW3. 587 7566. Exceptional Paintings by Sir Matthew Smith, Augustus John, L. S. Lowrie, Christopher Wood, Ben Nicholson, Graham Sutherland, Ivon Hitchins, Lownds, Newcomb, etc. Daily 10-6. Sat. 10-4.

COMPANY NOTICES

PROVINCE OF NEWFOUNDLAND
9% 1977/1989 US$50,000,000

Pursuant to the terms and conditions of the Bonds, notice is hereby given to Bondholders that, during the twelve-month period ending February 14, 1982 US$1,250,000 of such Bonds were purchased in satisfaction of the Purchase Fund.

Outstanding amount: US$44,700,000

THE FISCAL AGENT
KREDIETBANK
S.A. LUXEMBOURGEOISE

Luxembourg, February 16, 1982

CITY OF HELSINKI
10% 1975/1983 UA 18,000,000

Notice is hereby given to Bondholders that Bonds for the principal amount of UA 968,000 have been purchased for the Purchase Fund during the twelve-month period ending January 30, 1982.

Amount oustanding: UA 15,632,000

THE FISCAL AGENT
KREDIETBANK
S.A. LUXEMBOURGEOISE

Luxembourg, February 16, 1982

MAKITA ELECTRIC WORKS, LTD.
(CDRs)

Referring to the advertisement of 28th January 1982 the undersigned announces that the shares will be traded ex-bonus in Japan as from 16th February, 1982 and not 17th February, 1982.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 8th February 1982

AMERICAN EXPRESS COMPANY
(CDRs)

The Board of Directors of American Express Company has announced that shareholders, who will be registered in the books of the Company on 11th February, 1982, will be entitled to *receive a five-year warrant for the* period ended 28th February, 1987, for each 100 shares held.

The warrants will be sold in New York and the proceeds, after deduction of expenses, will be held in cash at the disposal of CDS-holders, for which further information will follow.

Div.cp.no. 15 of the CDRs will be designated for this purpose.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 5th February 1982

EUROPEAN INVESTMENT BANK
8% EUROPEAN COMPOSITE UNITS (EURCO) BONDS OF 1974 DUE JANUARY 16, 1989

Pursuant to the terms and conditions of the Loan, notice is hereby given to Bondholders that, during the twelve-months' period ended January 17, 1982, EURCO 2,000,000 principal amount of the above bonds were purchased in satisfaction of the Purchase Fund.

Outstanding Amount on January 18, 1982: EURCO 55,200,000.

EUROPEAN INVESTMENT BANK

I.M.D.B.I.
9.25% 1976/1983 U.S.$30,000,000.- AMORTIZATION OF U.S.$9,900,000.- ON FEBRUARY 8, 1982

RECTIFICATION

We inform the bondholders that the numbers of the 9,000 drawn bonds published on January 8, 1982, should have read:

8134 to 13844
22845 to 28058
29059 to 29133

(instead of the numbers 8134 to 13844 and 22845 to 28133).

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
Luxembourg

CITY OF LIMA
(The Honourable Provincial Council of Lima)

5% FIRST MORTGAGE BONDS 1911

Lloyds Bank International Limited, 40-66 Queen Victoria Street, London EC4P 4EL, announce that coupons due 1st January 1982 of the City of Lima (The Honourable Provincial Council of Lima) 5% First Mortgage Bonds 1911, may be lodged for payment, but must be left an appropriate period for examination. Coupons will not be accepted through the post.

NOTICE OF RATE OF INTEREST
ELECTRICITY SUPPLY COMMISSION (South Africa)

GUARANTEED FLOATING RATE NOTES DUE 1982

In accordance with the provisions of the Fiscal Agency Agreement between Electricity Supply Commission and Citibank, N.A., Fiscal Agent, dated as of August 15, 1974, notice is hereby given that the Rate of Interest on Coupon No. 16 dated August 16, 1982, shall be 17 1/16%. Interest payable shall be computed on the actual number of days elapsed (181) divided by 360.

By CITIBANK N.A.
as Fiscal Agent

February 16, 1982.

BARCLAYS BANK PLC

NOTICE IS HEREBY GIVEN that the Register of Holders of Ordinary Stock of the Company will be closed from 30th March 1982 to 28th April 1982, both dates inclusive.

T. G. MAIN, Registrar

54 Lombard Street,
London, EC3.
16th February, 1982.

LEGAL NOTICES

REPLICA MODELS (U.K.) LIMITED
TRADING AS SUSSEX ARMOURY

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a meeting of the Creditors of the above-named Company will be held at the Chartered Institute of *Insurance, 20 Aldermanbury, London,* EC2, on the 19th day of February, 1982, at 12.00 noon.

By Order of the Board.
R. L. MARRIOTT-SMITH.
Director.

NOTICE OF MEETING OF CREDITORS
COVNESS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at Eagle Star House, 28-38 Carver Street, Sheffield S1 4FS, on Thursday, the 25th day of February 1982, at 10.30 o'clock in the forenoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

DATED this 3rd day of February 1982.
By Order of the Board

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

COMPANY LIFE CYCLES : BY TIM DICKSON

One man's search for a lifeline

LIKE MOST entrepreneurs 53-year-old Eddie Kalfayan has a deep rooted and unshakeable belief in his own ideas. Next Monday, however, Letterstream—the company he formed 10 years ago to exploit them—will quite possibly go out of business and with it 46 people (some of them highly trained) will be added to the dole queue.

Kalfayan's problems are familiar enough—Letterstream owes money which it cannot pay and the Inland Revenue, its biggest creditor, says it must either hand over £65,000 in unpaid PAYE or an application will be heard to wind up the company. Negotiations are still proceeding to pay a lump sum initially and the balance by instalments.

Kalfayan is searching desperately for financial support, claiming that while his company has lost small amounts of money consistently since 1977, except for a small profit in the first five months of 1980, the corner has now been turned and recovery is on the way. Bankers, of course, have heard this sort of story before, but Kalfayan points enthusiastically to the first profits breakthrough last November and to his own forecasts of healthy cash flow and profits for the current year.

Letterstream is undeniably an imaginative concept. A specialist printing company at Conduit Street in the centre of London using electronic technology, it serves shops, offices and other customers with an up to date collection of word processors, colour copiers, xerographic, inkjet and offset printers. The company boasts that it can do "anything an office can want to have done to a piece of paper" and can, according to sales literature, "easily produce a 200 page report and 1,000 personalised letters within 24 hours. This capability can be extended when necessary to meet an urgent deadline."

Kalfayan set up the business in 1972, following spells with Baker Perkins (1956-69), where he became managing director of a West German subsidiary, G. D. Peters of Slough (1969-72), and Alfred Herbert, where he was main board marketing director for six months before parting company over sales policy.

For the first five years, he says, Letterstream broke even as any surpluses were deliberately ploughed back to build up sales at the original Shepherd Market site. The next landmark was in 1977 when the company expanded from its original premises in Shepherd Market — which have recently been sold as a separate going concern — to an outlet in Conduit Street.

This move required considerable expenditure and contributed to consistent losses for the next three years. (Kalfayan's business plan shows that during this period sales were expanding rapidly and new management and administrative staff were taken on to cope with this growth.)

Modest profits were finally achieved in the first half of 1980 and to those involved the investments of previous years finally semed to be paying off.

Cut costs

Like so many others Letterstream planned without taking account of a recession, the immediate effect of which was a 35 per cent drop in sales to existing clients and a return to losses (more than £16,000 in September 1980 alone). Serious efforts, according to Kalfayan, were then made to cut costs and with "improved management accounting" a lower breakeven level of sales was achieved.

Agreements were made with major creditors—except the Inland Revenue—to pay debts incurred during 1981 by instalments. The Revenue has finally lost patience and following a 21 day adjournment its application for a compulsory winding up of Letterstream will be heard next Monday.

Kalfayan, who admits he has been undercapitalised, needs £60,000-£80,000 immediately and £140,000 overall (for half of this he is offering a 30 per cent equity stake). Staff and friends, he says, have committed £16,500.

His optimism is based not on any anticipated improvement in underlying demand among his existing customers; ("They are still bumping along the bottom and their budgets will remain the same") but on the steady flow of business from new sources he claims is coming through his door.

Whatever the merits of Kalfayan's case—and despite his own convictions he has not managed to persuade venture capital institutions, banks and mortgage companies that he is worth backing—his frustrations are not untypical of other entrepreneurs looking for cash.

His twin targets for criticism (and it must be said immediately in their defence that they are easy ones) are the banks and the Inland Revenue. He feels, for example, that Barclays Bank, which turned down an application for £75,000 under the Government's Loan Guarantee Scheme does not fully appreciate the value of intangible assets—eg. goodwill, trained staff and rising sales—which do not show up in the balance sheet.

As for the Revenue, he argues, "they do not operate on the basis of the deserving case. If I had spent the money on loose women and horses rather than putting it back into a business I believe in it would not have made any difference." Kalfayan, who somewhat unconvincingly claims not to be a good PR man, has also worked out that if Letterstream goes bust the cost to the Government will be around £155,000 (the total of unpaid PAYE is £115,000. Another £36,000 is owing in VAT and Kalfayan's estimate for unemployment benefits makes up the balance).

Barclays Bank says that when Kalfayan asked for a £75,000 loan under the Government Loan Guarantee Scheme the company's financial position "was not good."

"The bank does not view the loan guarantee scheme as a means of bailing out companies in difficulties and we were not prepared to advance extra funds by way of normal lending without full and up to date information," says the bank.

Barclays said that a report by investigating accountants "showed a critical position. Letterstream has a deficit of £242,000 on a capital base of £25,000, liabilities besides the unpaid PAYE and VAT of £339,000 and an additional £62,000 in HP payments."

Barclays says that the company needed extra capital, not borrowing and a loan "would simply mean that the bank would pick up the company's debt to the Inland Revenue."

If assured of additional capital and given full information the bank might change its mind, a Barclays spokesman hinted.

The Inland Revenue does not comment on individual cases but a spokesman made the following general observation. "Unpaid PAYE does not belong to the company—it has come from employees' wages and represents an interest free loan from the taxpayer to the business. During hard economic times people have hard luck stories to tell the inspector and he always listens sympathetically. Companies have a legal liability to pay tax and we have a legal duty to collect it."

The spokesman added that "commercial creditors may decide it would not be good for their image to insist on payment and they do not have to explain this to shareholders. We cannot take this view. You also have to remember that an application to wind up is always the last chapter of a very long saga involving attempts to collect and sympathetic treatment when these do not succeed. Nobody admits that it is in any way their fault—they always blame the Inland Revenue."

Roger Taylor

Eddie Kalfayan: needs urgent financial support

In brief

WOULD-BE entrepreneurs, small businessmen and their advisers will find few better ways to invest £1 than a new publication "Sources of Information for New and Small Business" prepared by Colin Barrow of Thames Enterprise Agency in collaboration with the BBC and Shell UK.

It contains information (including addresses and telephone numbers) on 150 educational establishments running a variety of courses; sources of finance in the public and private sector; organisations which manage or can advise on premises; specialist advisory services such as enterprise agencies (of which there are more than 80) and ways of finding out about prospective markets. In addition there is a section signposting where to go and what to do when starting up.

The booklet is a forerunner to a more comprehensive directory, of the same name, to be published in late 1982. Copies can be obtained from Colin Barrow, Business Club, Thames Polytechnic, Riverside House, London SE18 6BH. Cheques for £1 should be made payable to "Business Club," together with a large, 25p stamped addressed envelope.

•

MANAGING Your Company's Finances by Richard Hargreaves and Robert Smith (both of ICFC) (William Heinemann) is a guide to all aspects of the financial management of a company's business. The book is intended for companies which do not have professional accounting and financial support and describes the techniques of planning, budgeting, accounting and control.

Small Business Perspectives, edited by Peter Gorb of the London Business School (Armstrong Publishing) is on a less practical level. A collection of articles for the general reader, it covers start-ups, financing and running the small business and Government policy. It is not, however, a DIY manual.

Finally there is Law for the Small Business, written by Pat Clayton, a qualified solicitor and barrister (Kogan Page, £4.95). The book deals with aspects of the law as it affects small businesses and explains how to avoid legal pitfalls. Subjects covered include taxation, insurance, employment law and liability in the event of bankruptcy.

On the one hand—on the other

SMALL business statisticians, says Graham Bannock, managing director of the Economist Intelligence Unit (EIU), are a bit like archaeologists.

"It is like finding a few fragments of pottery and glueing them together," he explains. We try to build up a picture of what is happening as new scraps of evidence emerge."

Graham Bannock: says 2.3m

Two "digs" which have taken place recently in this somewhat arcane but nevertheless highly important world merit closer attention—not least because they appear at first sight to be contradictory.

One is a survey on births and deaths of UK firms in 1980 carried out by the Department of Industry Small Firms Division, this uses as its base the total of 1.3m firms (both big and small) registered for value added tax (VAT). The other is a new report by Bannock's EIU which among other conclusions estimates that the total UK business population during that year was more than 2.3m.

Why the huge discrepancy? The answer (not surprisingly perhaps) lies in the data that both researchers have used. The DoI study is deliberately restricted to firms registered for VAT and thus excludes businesses whose turnover is below £15,000 (the VAT threshold) and businesses which for other reasons (for example, their goods are zero rated) do not submit VAT returns. The EIU report, which was commissioned by the Forum of Private Business, set out specifically to estimate the UK business population—and the importance of small business within this—and has relied heavily on evidence of Inland Revenue Schedule D (sole traders and partnerships) assessments.

Perhaps the most significant of the two is the DoI review* in that it suggests that there were as many births as there were deaths of firms during 1980 and that each represented about one twelfth (8.5 per cent) of the stock of businesses registered for VAT.

It is important therefore that politicians who tour the country enthusiastically publicising the births (an estimated 10,000 a month) should not now forget to mention the deaths of businesses. The turnover of firms is also significant. It is high by international standards (according to Bannock, the U.S. and Japanese experience is similar).

Pom Ganguly, statistician of the DoI's Small Firms Division, stresses that the findings (see breakdown by sector in table) are only provisional and subject to certain qualifications. "Births" and "deaths," for example, have to be defined according to the VAT data available. Deaths are defined as businesses ceasing to trade (whether or not there is a buyer for the business) and businesses which deregister because either their turnover falls below the VAT threshold, or they were voluntarily registered in the first place, or they make mainly or entirely zero-rated supplies and have sought exemption.

Births are defined as all new registrations less voluntary registrations and those arising from changes of legal identity, for example, from a sole proprietorship to a partnership. "It is perfectly possible that a different set of definitions could have led to a different balance between births and deaths," Ganguly admits.

The EIU, meanwhile, has split its 2.3m estimate into three component parts: 2,700 quoted companies, 397,300 unquoted companies and 2m unincorporated businesses.

* British Business, January 29, 1982

Pom Ganguly: says 1.3m

PROVISIONAL ESTIMATES FOR 1980: BIRTHS AND DEATHS OF FIRMS BY SECTOR IN THE UK

	Agriculture	Production	Construction	Transport	Wholesale	Retail	Finance†	Catering	Mtr. trade	Other serv.	Total
Births	4,900	10,400	18,000	4,800	10,100	22,900	7,400	11,300	8,100	17,200	113,000
Deaths	5,400	10,000	15,000	5,700	8,200	31,600	5,900	13,000	6,300	14,500	115,700
Net births (deaths)	(500)	400	3,000	(900)	1,900	(8,700)	1,500	(1,700)	(200)	2,700	(2,700)

† Includes also property and professional services.

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FT COMMERCIAL LAW REPORTS

Oil pumped from ship not 'taking at sea'

SHELL INTERNATIONAL PETROLEUM COMPANY LIMITED v GIBBS

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Kerr, and Lord Justice May): February 12, 1982

WHERE AN assured seeks to establish a "taking at sea" in a claim for lost cargo, he must show that there was an unlawful change of possession in the cargo in the course of the voyage, and if there was no such change it is insufficient merely to show that there was a change in the character of the possession.

* * *

THE COURT of Appeal so held when allowing an appeal by Mr C. A. V. Gibbs, insurer, from the decision of Mr Justice Mustill in the Commercial Court ([1981] 2 Lloyd's Rep 316) that Shell Petroleum Company Limited, cargo-owners, were entitled to recover for "takings at sea" under a Lloyd's SG ("ships and goods") policy, in respect of loss of part of a cargo of oil on the Salem.

LORD DENNING, Master of the Rolls, said that in December 1979, the Salem loaded 195,000 tons of oil in Kuwait for carriage to Italy. On her voyage she turned off course to Durban, where she pumped 180,000 tons of oil into tanks ashore, leaving 15,000 tons in the ship. South African importers paid her over U.S.$50m. She then took in sea-water in place of the oil, and set off again. When she was off Dahar in Senegal she was scuttled.

Shell had paid for the 195,000 tons of oil. It claimed against the insurers for loss through "takings at sea" under the standard Lloyd's SG policy. The commercial judge held that there was a "taking at sea" when the ship changed course for Durban.

The present question was whether the loss of the cargo was due to a "taking at sea." The taking on of the oil at Kuwait was not a "taking at sea," but a taking in port. When the vessel pumped the oil ashore at Durban, there was a taking into the possession of the South Africans, but that also was not a "taking at sea."

Nor was there a "taking at sea" when the ship changed course and made for Durban.

In the *Mandarin Star [1969] 2 QB 44* his Lordship, misreading *Richards v Forestal Land [1942] AC 50*, had held that to establish a "taking at sea," it was sufficient if a captain changed the *character* of his possession. That was wrong. There must be a change in the possession, not merely a change in its character. In his Lordship's view, the *Mandarin Star* was decided *per curiam* and should not be followed.

In the present case the goods remained in the possession of the owners throughout and the change of course was not a "taking at sea." The 180,000 tons of oil pumped ashore was therefore not covered by the policy.

The remaining 15,000 tons was covered. The policy provided that an assured's right of recovery should not be prejudiced if loss was attributable to misconduct of the owners or their servants. Shell was therefore entitled to disregard the scuttling and to look only at the fact that water flooded the ship and she was lost by "perils of the sea."

*

LORD JUSTICE KERR, agreeing that the appeal should be allowed in respect of the 180,000 tons, said that although in his view the *Mandarin Star* was binding, its interpretation of "takings at sea" was erroneous.

There were two reasons for the decision in the *Mandarin Star*: first, that the words "takings at sea" should be given their ordinary meaning; and secondly, that there was no reason for equating "takings at sea" with "capture, seizure and arrest."

The historical interpretation of "takings at sea," in all the text books and *sub silentio* in the decisions, was that it was a peril similar to capture, seizure, etc. The phrase had found its way into the ancient SG policies by the middle of the 17th century. In construing archaic expressions still found in that form of policy, one should not go into the ordinary meaning of language today, but should treat them as terms of art and interpret them in accordance with their original meaning.

There was another and more fundamental reason why "takings at sea" could not compromise a "taking" by shipowners as against cargo-owners, as was held in the *Mandarin Star*. The policy was never intended to insure any of the three possible parties to the marine adventure (i.e., ship, cargo and freight) for wrongful action by any of them against another party to the adventure. It was only intended to insure against action by outsiders to the prejudice of the parties' common interest.

In other words, "takings at sea" could not apply to a taking of the cargo by the shipowner, or to the taking of the ship by the cargo-owner, but only to a taking by some outsider of both ship and cargo.

In *Richards v Forestal Land*, which was the main basis of the decision in the *Mandarin Star*, Lord Wright was tacitly equating "taking at sea" with "capture" when he said at page 78, "'Capture, seizure, arrest or detainment' . . . were intended to repeat the words printed in the body of the [SG] policy, 'enemies . . . takings at sea, arrests, restraints and detainments' . . ."

The decision on "takings at sea" in the *Mandarin Star* was unsupported by authority and was out of line with what had been regarded as settled law until then.

If it were applied to the present issues on the basis that it was correct and binding, there was nevertheless no "taking at sea" because the facts of the two cases were not analogous. In the *Mandarin Star* there was a change in possession of the cargo when the Master, on the shipowners' orders, ceased to carry it on behalf of the cargo-owners, but carried it on behalf of the shipowners for their own purposes. In the present case possession of the cargo in no way changed when the vessel turned into Durban. There was nothing in the nature of a "taking at sea."

*

LORD JUSTICE MAY also agreeing but partly for different reasons, said that in the *Mandarin Star* the Court of Appeal defined "takings at sea" in a binding decision. His Lordship was not persuaded that it was wrong.

Having regard to passages on pages 461 and 462 of the report he understood it to decide that a "taking" at least included an assertion of dominium over the cargo inconsistent with the rights of the cargo-owners.

There was a taking when the cargo was wrongfully appropriated by the shipowners. Their mischievous intent did not change the lawful loading of the oil at Kuwait into a "taking." Nor was there any "taking" when the Salem deviated to go into Durban.

But when she discharged the oil, that was an assumption of dominium over the oil inconsistent with the continued rights of the cargo-owners. It was a "taking" of the oil, and had it been "at sea" it would have been within the true meaning of the peril in the Lloyd's SG policy.

Appeal allowed. Leave granted to appeal to the House of Lords. *For the insurers: John Hobhouse QC and Michael Dean QC (Clyde and Company).*

For Shell: Gordon Pollock QC and Bernard Eder (Elborne Mitchell and Company).

By Rachel Davies
Barrister

A £30 guide to the Flat

RACING

BY DOMINIC WIGAN

WITH the Flat campaign fast approaching, racing enthusiasts interested in all aspects of the sport and its bloodstock industry might do well to consider an investment in the recently published Ruff's Guide to the Turf and Sporting Life Annual 1982.

Although Ruff's Guide is now priced at £30 (a £5 increase on a year ago), it is still likely to appeal to many.

In its 500 pages the guide contains a new feature, the Royal Ascot statistics for 1976-1981. Its introduction into the conservative Ruff's Guide, founded about 150 years ago, is sure to be welcomed by many—particularly by overseas enthusiasts, who make an annual pilgrimage to the UK for the four days of the June Festival.

Royal Ascot's added prize money figures also makes interesting reading. It has grown in each successive year from the £245,000 of the 1976 Festival to the £465,000 put forford last year.

Ruff's Guide, which covers 48 subjects under a total of four sections, includes lengthy articles by George Ennor and Tony Morris on the leading sires of 1981 and the bloodstock market of 1981 respectively.

Ruff's Guide to the Turf, and Sporting Life Annual 1982, Mirror Books Limited, Athene House, 66-73 Shoe Lane, London EC4P 4AB.

NEWTON ABBOT
2.15—Slaney
4.45—Remainder Imp

SEDGEFIELD
1.45—Peter the Butcher
2.15—Sea Merchant***
2.45—Easby Gold*

TOWCESTER
1.30—Sir Doro**
4.00—Dancing-in-Irish
4.30—Bold Count

TELEVISION

Chris Dunkley: Tonight's Choice

The early evening belongs to Radio 4: at 7.50 David Attenborough presents Animal Language which is devoted this week to killer whales and dolphins. In 340 BC Aristotle noted that dolphins produce squeaks and moans; 2,000 years later we still don't really know how or why, but Professor Ken Norris and Sharron Bromley of the University of California theorise. That's followed by Snapping in which Gill Brown investigates the brain-washing techniques used by the religious organisations to trap and hold followers. The programme billing makes it sound as though they believe this to be something modern.

At 9.00 ITV screens the sixth and last part of Tom Clarke's magnificently sustained serial Muck and Brass, in which all the small-time manoeuvring reaches its climax in the huge Slatterly centre redevelopment project. Regular viewers will have no difficulty guessing who comes out on top. BBC-1's Play for Today is set, most unusually, in Northern Ireland. Called Too Late to Talk to Billy it is the first television play to be written by J. Graham Reid, Paul Seed's first work as a television director, and performed by a cast all coming from Northern Ireland.

BBC 1

6.40-7.55 am Open University (uhf only). 9.05 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.20 Tomos a Titw. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Winsome Witch. 4.25 Jackanory with Prunella Scales. 4.40 Animal Magic with Johnny Morris and Terry Nutkins. 5.05 John Craven's Newsround. 5.10 Grange Hill.

5.40 News.
6.00 Regional News Magazines:
6.25 Nationwide.
6.55 Cartoon.
7.05 Doctor Who starring Peter Davison.
7.30 A Question of Sport.
8.00 Emery (A lighthearted thriller in six parts).
9.00 News.
9.25 Play for Today: "Too Late to Talk to Billy" by J. Graham Reid.
10.50 Billie Jo Spears: The American country singer in concert.
11.38 News Headlines.
11.40 American Attitudes: Richard Kershaw talks to economist Prof. Milton Friedman.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
3.55 pm Chesney Allen in The Old Boy Network.
4.35 Seapower.
5.05 Fou Ts'ong plays Chopin.
5.10 The Mackenzie File.
†5.40 Laurel and Hardy in "Brats."
6.00 The Waltons.
6.45 News Summary.
6.50 Australian Film Season: "The Getting of Wisdom."
8.30 Russell Harty.
9.00 Pot Black '82.
9.25 One Man and His Dog.
10.05 Arena.
11.00-11.50 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take The High Road. 2.00 Afternoon Plus: Mavis Nicholson and Glyn Seaborn Jones continue the predicaments series. 2.45 Born and Bred. 3.45 Welcome Back, Kotter. 4.15 Dr Snuggles. 4.20 On Safari. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.20 Help!
6.30 Crossroads.
6.55 Reporting London.
7.30 Max Rolls On starring Max Bygraves with Henry Cooper and Geoff Love and his Orchestra.
8.30 Top Of The World presented by Eamonn Andrews.
9.00 Muck And Brass.
10.00 News.
10.30 Midweek Sports Special.
12.00 Superstar Profile (Alan Alda).
12.25 am Close: "Sit Up and Listen" with Elisabeth Lutyens.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA
12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does The Team Think. 5.00 About Anglia. 7.00 Peterborough Festival of Country Music. 11.45 The Jazz Series. 12.30 am Tuesday Topic.

BORDER
1.20 pm Border News. 3.45 Does the Team Think? 5.15 Radio. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 Border News Summary.

CENTRAL
12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does the Team Think? 5.15 Radio. 5.00 Crossroads. 5.25 Central News. 7.00 Emmerdale Farm. 12.00 Central News. 12.05 am Tuesday Jazz and Blues: Johnny Griffin with his quartet and guest Art Taylor.

CHANNEL
12.30 pm Bygones. 1.20 Channel Luncheon News, What's On Where and weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.28 Channel Late News. 12.00 Commentaires et Previsions Meteorologiques.

GRAMPIAN
9.30 am First Thing. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.45 Does the Team Think? 5.15 Emmerdale Farm. 6.00 North Tonight. 7.00 The Two Of Us. 12.00 North Headlines.

GRANADA
1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Old Salts. 3.45 Does the Team Think? 5.15 Different Strokes. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 12.00 Late Night From Two.

HTV
12.30 pm Paint Along with Nancy. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Arthur of the Britons. 7.00 Emmerdale Farm. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except:—9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 Trebeniau. 4.15-4.45 Camigam. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
12.30 pm Gardening Time. 1.20 Scottish News. 1.30 The Electric Theatre Show. 3.45 Does the Team Think? 5.10 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Job Spot. 6.35 What's Your Problem? 7.00 Take the High Road. 12.00 Late Call.

TSW
12.30 pm Bygones. 1.20 TSW News Headlines. 3.45 Square One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Does the Team Think? 7.00 Private Benjamin. 10.32 TSW Late News. 12.00 Postscript. 12.05 am South West weather.

TVS
1.20 pm TVS News. 3.45 Does the Team Think? 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (cont.). 7.00 Emmerdale Farm. 12.00 The Entertainers: The Nolans. 12.30 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 The Riordans. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 12.00 A Look at Belonging.

ULSTER
1.20 pm Lunchtime. 3.45 Does the Team Think? 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster weather. 12.00 News at Bedtime.

YORKSHIRE
12.30 pm Does the Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Benson. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO

(S) Stereophonic broadcast ‡Medium wave

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 One Man's Variety with Roy Hudd. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Dvorak (S). 10.00 Piano Music and Clarinet Quintets (S). 12.00 The English Concert, part 1 (S). 1.00 pm News. 1.05 Six Continents. 1.25 The English Concert, part 2 (S). 2.00 Van Cliburn Piano Competition 1981 (S). 2.50 Youth Orchestras of the World (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Three Italian Writers (S). 7.45 BBC Northern Symphony Orchestra Concert, part 1 (S). 8.25 Interval Reading. 8.45 Concert, part 2 (S). 9.35 Sylvius Words (S). 10.00 Story by James Joyce. 10.20 Chopin (S). 11.00 News. 11.05-11.15 A Haydn Terzetto (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call—Sewing. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote ... Unquote (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Bleak House by Charles Dickens (S). 4.00 Place of Pilgrimage. 4.30 Common's Sense. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Animal Language (S). 8.20 Snapping. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Legal, Decent, Honest and Truthful (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

THE ARTS

Festival Hall

Alicia de Larrocha

by DOMINIC GILL

Miss de Larrocha's ability to achieve the maximum of virtuosity with the minimum of flamboyance can be unnerving for those unfamiliar with her style. Some listeners to her piano recital on Sunday afternoon may have interpreted that gift as coolness. It is in fact the very reverse: the most powerful distillation of passion, in which the musical force of every piece she plays, in the closest and finest focus, is reduced to its elements. There is no wasted gesture, physical or musical; in her finest and most characteristic performances, the music seems to emerge, stripped of stale encumbrances, new-minted, bright and clear.

Her Beethoven first half was a tour de force of concentration: in the rhythmic elements of the Seven Bagatelles op.33 especially, stretched taut as sprung steel; and in the melodic and contrapuntal elements of the A flat sonata op.110, their surface smoothness held together with a tremendous charge of nervous thought that in this last account she bound the disparate elements of the sonata, more closely than I have ever heard them, into a single, unified statement — extraordinary performance, scrupulous in every detail, radiantly honest, and very moving.

The other central work of her programme was Schumann's *Humoresque* op.20, whose dancing line she traced with the greatest finesse — without understatement, but with the finest restraint. She is one of those rare pianists who find the key in Schumann to straightforwardness of utterance without nonchalance: a marriage of perfect simplicity and intensity. She found it, too, in Chopin's *Andante spianato and Polonaise brillante*—but with the addition here of an irrepressible sparkle, new-cut facets glinting in every bar. The first of her three encores I'd never heard—spare, simple setting of a Catalan folksong? A Falla dance, and especially Albeniz's *Triana*, were an irresistible culmination, surges of brilliant keyboard colour, loud with song.

The Tate Gallery

Landseer at Bay

by WILLIAM PACKER

There will always be artists who suffer by their reputations, who achieve the extremes of celebrity and critical rejection with no great space between, and who become in the end bywords of themselves, their own epithets: Rubens, Leonardo, Picasso, Murillo, Hals—than which no more need be said, at least by those unencumbered by any close familiarity with their work, to convey an exact meaning.

The curious fact is that in each such case it is never the qualities of the work as such, that is to say as Art, in terms of drawing and painting, technical mastery, and all the peculiar transforming magic of the medium, that secures such elevation, but always the content and literal reference: large bare ladies, a certain smile, a certain laugh, two eyes to a single profile, and the Virgin in ecstasy.

There is also the Monarch of the Glen, for though Sir Edwin Landseer was not at all so great an artist, and no amount of critical apologetics will ever make him so, no painter was ever more truly popular than he, and his most notable images are engraved deep upon our collective cultural retina. He stands among this particular elect; and it is the nicest of coincidences that within the year we shall see filling the academy the work of that other darling of the Victorians, Murillo.

The times, it seems, are changing, and after a lifetime of modernist orthodoxy and purism about these things, subject-matter is acceptable once more. So much is sensible for it was always foolish, even in these anorexic times, to deny ourselves the pleasures of great art, that of Rubens for example, simply on the grounds of a contemporary preference, and to see more in Murillo than an over-blown religiosity is right enough. But Landseer at the Tate... whatever next? Even within the past 10 years it would have been unthinkable, for all that it already owns so much of his work; and had the Philadelphia Museum of Art not initiated the project, perhaps even now the moment may have been judged premature. Who knows? What is clear, however, is that timely or not, a most extraordinary exhibition occupies the galleries, full of work that very many people still find difficult to take, and even profoundly disturbing, with even the most sophisticated among us finding it hard to get further into the work than the imagery.

For we live in an age that is no less brutal, and no less sentimental, than his own, and his work touches a common nerve.

Landseer was an odd and interesting man, his life full of incident and excellent copy: boy wonder, youthful preferment, taken up by the aristocracy, disappointed love for a Duchess, schizophrenia, paranoia; prodigious output, Nelson's lions, alcoholism. The temptation is to read it all in the work, tricking out the analysis with a century's worth of psychoanalytical, sociological and medical advance.

It is a doubtful position from which to form any judgment, which would ask Landseer, as anyone, to conform to our modern prejudices, to encompass within his own preoccupations our conventional egalitarian critique of society, our incipient vegetarianism and our loathing of blood sports. Artists have painted horrors, and relished them, in every age, and there is no rule that must make each one of them a *manifesto*, or its perpetrator a monster by default. But Landseer has been unlucky in his timing, and too many of his modern commentators can see no further still than the blood on the snow. Landseer is more interesting a painter, and deserves better consideration, than that.

He really was unfortunate in his timing altogether for the nature of his work was largely conditioned by the tastes of his period, and in supplying them he limited his scope and made his fortune. A generation earlier and his Romanticism would have found more straightforward an expression, his animal paintings less fraught with anthropomorphism, his genre easier, less self-conscious and earnestly historical. His bad luck, for tragedy is too strong a word, was to hit the nerve of early Victorian sentimentality, with that undertow of repression that smacks to us of hypocrisy, and which sets off the violence in his other work all the more sharply. Dignity and Impudence, and High Life and Low Life, sit most uncomfortably with the Cats Paw and The Otter Hunt.

Always the best work is the most straightforward and direct, or that in which the programme or story is at least held somewhat in check, for then we see Landseer's great facility for the considerable gift it was. The show is full of smaller works, drawings, studies, even jokes and caricatures, that are as clear and fresh as maybe, closely observed and most delicately stated, some of the landscape studies, for example, the delicious Miss Mason on a pony, or small half-length study of the Duchess of Bedford. Of the Royal portraits, both the oil sketch and the large unfinished painting of Queen Victoria on horseback have much to recommend them, the one a charming exercise in historical genre, the other an honourable shot at a great state image, loosely stated, Romantic and atmospheric.

A detail from Alpine Mastiffs Reanimating a Distressed Traveller

Indeed the freedom and inventiveness of Landseer's handling of his medium creep up to surprise us even in the most ponderous of his great machines. The Monarch of the Glen is very much a surprise, and neither ponderous nor overworked at all, but bold and confident a work, and rightly memorable, and it encourages us directly to look again closely even at the most glossily presentable of the paintings. Many, of course, disappoint, whatever their practical virtues, but some do emerge thus from the shadows of story and sentiment. The Shepherd's Chief Mourner, for example, oddly small for so famous a picture, though so obviously suggestive, is unembellished in its sentiment and so absorbs it.

Eos, Prince Albert's favourite dog, is a beauty, as fully and closely realised as anything in the show, and yet a fresh and lively painting; and it serves to demonstrate, through the royal hat and gloves beside the animal, that the telling or circumstantial detail is no bad thing if it serves rather than determines the work.

Landseer could get so far so fast in his work that he seems to have imagined that somehow there should be so much more; and in supplying that superfluity he encouraged his public and patrons to expect no less, and even to see it as its essence. The best painting of all, which shows the artist that Landseer might have been unforced, comes towards the end, a large free oil study of a lion that he made in the course of his work on the project for Nelson's Column. "Did you order a lion, Sir Hedwin?" asked his man, William Butler, when a carcass arrived from the Zoo, which is a good story, but is nothing dead about this Beast.

Sir Edwin Landseer is presented at the Tate with support from S. Pearson and Son, and remains until April 12.

74,500 visited Lutyens, Sickert exhibitions

The Arts Council's Lutyens exhibition which closed on January 31 has been the most popular architectural exhibition mounted by the Council; 74,500 people visited the Hayward Gallery where the exhibition was on show with *Late Sickert* for a 10½-week period.

Barclays sponsors Whitechapel exhibition

The Whitechapel Gallery's annual open exhibition by artists living and working in the City of London and the East End is being sponsored for the first time by Barclays Bank. The exhibition, which opened last Friday, will run until Sunday, March 7.

Pizza on the Park, SW1

Blossom Dearie, Dave Frishberg

by KEVIN HENRIQUES

Pianists / singers / songwriters Blossom Dearie and Dave Frishberg are presently favouring London with a polished, sophisticated, jazz-inflected and, above all, delightfully witty evening of words and music such as is heard rarely in London nowadays.

Both come from firm jazz backgrounds: she in vocal groups with the bands of Woody Herman and Alvino Rey, then with the Blue Stars in Paris; he as pianist in groups led by such luminaries as Ben Webster, Al Cohn and Zoot Sims and accompanying Carmen McRae. But their nightly entertainment is aimed at—and happily reaching—a far broader audience than solely jazz followers.

From her appearances in the past at Ronnie Scott's, listeners know what to expect from Blossom Dearie. But in the Pizza on the Park's far more intimate and quieter ambience (no food or drinks are served during the sets) her acutely personal delivery of lyrics takes on an extra directness and her severely under-rated piano style, with its finely judged soft-caressing touch, can be better appreciated.

One still marvels at the surprising effectiveness of her engaging, tiny voice as she sings the subtle lyrics of tunes she, or someone else, has composed. Rarely does she include anything she cannot convincingly evoke but on Friday the starkness and hopelessness permeating Billy Strayhorn's "Lush Life" did elude her.

Making his solo début here (he was in Britain with Herb Alpert's Tijuana Brass in 1975), Dave Frishberg is the happy surprise of the evening. His piano playing is an agreeable contrast to Blossom Dearie's, more varied in range, more swinging in execution. In most cases he is responsible for both the music and admirably literate lyrics of the songs he sings in a distinctive voice which to many ears, recalls Hoagy Carmichael (to close devotees of the genre, however, the name of Bob Dorough, with whom Frishberg wrote "I'm Hip," comes quicker to mind).

It is Frishberg's pointed delivery of lyrics which is so irresistible. The nuances are expertly placed, his piano accompaniment thoughtful, never obtrusive. "Another Song about Paris" with its lines "Notre Dame, where we chatted with the hunchback/The dim café where we had to send the lunch back" and the delicious "Slappin' her cakes" are just two of his snappy, humour-filled compositions.

As well as appearing separately in each of the evening's two sets, Blossom Dearie and Dave Frishberg join forces for a small handful of impeccably delivered duets including "I'm Hip" and Johnny Mercer's "My new celebrity is you" for which Frishberg has added new and clever lyrics.

ICA launches commissioning fund

The Institute of Contemporary Arts has announced the launch of a commissioning fund, the opening of the first public access video library for film and video work, and the creation of a new company—ICA Television.

Welcoming a 12 per cent increase in grant from the Arts Council (to £345,000) the ICA point out that this still represents only 35 per cent of income and the rest must be earned.

The IC Acommissioning fund is supported by a new publication which explains the ICA's background and policy as an arts centre for new work. It is aimed at "industry, individuals and foundations."

The fund aims to supplement existing income, whether from funding bodies like the Arts Council or box office.

Glasgow Citizens'

The Balcony

Convenient generalisations are always a dangerous temptation, but much of the British contemporary theatre stems from the influence of three phenomena in the mid-1950s: the impact of the Berliner Ensemble; John Osborne's breakthrough at the Royal Court; and the work of Joan Littlewood's Theatre Workshop. For ten years the Glasgow Citizens has battled gloriously against the grain of this legacy. While much experimental work has folded up inside half-baked political ambition and tattered staging devices, the Citizens have flown a lone, idiosyncratic flag of expressive, voluptuous invention.

More than ever, the current stage is in dire need of renewing itself. The value of a message has quite superseded the serious job of inventing new means of expression. The Citizens have created their own style: it is original, forceful and untouched by respectable compromise. It is, in fact, a latterday Theatre of Cruelty as envisaged by Artaud and embodied in the plays of Jean Genet. *The Balcony* (which received its world premiere in London in 1957) is the first of a trilogy in which Genet broadened his personal vision of the novels and early plays to include world politics, racial struggles, history and religion. It will be followed, in this important Glasgow retrospective, by revivals of the other two, *The Blacks* and *The Screens*.

The remarkable thing about this theatre is that, every few months, you feel a production marks some company apotheosis. I felt that certainly about the Proust adaptation, *A Waste of Time*. Although Genet is perhaps the theatres household god, Philip Prowse's production of Robert David MacDonald's new translation is not some hysterical, over-the-top act of homage. In many ways, the show is muted by Citizens' standards and, in parts, disappointingly perfomed. What is achieved is an effortless, seductive essay in illusion and pretence in which the biggest mirage of all is that of the revolution.

Madame Irma's brothel, the *Grand Balcony*, is a haven from the reality of blood, bullets and politics that fill the outside air. In the opening scenes of delightfully playful pornography, we see three clients acting out sexual/authoritarian fantasies as a bishop, a judge and a general. In this version, each scenario is accommodated by the bored participation of Carmen (Julie Legrand), Madame Irma's head girl and candidate. The only other whore we see, Chantal, throws in her lot with the revolution, and Jane Bertish is a powerful revolutionary totem, disturbing and ridiculous, before being shot by a capering nun at the crucial moment where guerrilla tactics are exposed as one more sideshow in the theatrical charade ("And she was in such demand as Jackie Onassis," comments Irma, wryly)

Mr Prowse's design is a brilliant commentary on the play's fascination with illusion and reality. The handsome Victorian box elements on either side of the proscenium are reproduced in triplicate on the stage—the moulding, the paintwork and the exact proportions are a tribute to the work of master carpenter Ross Balfour. These three standing pieces are decorated with long red couches, hanging lights, inlaid painted figures, and an arrangement of sinks and bidets.

Although the stage atmosphere is decadent Parisian, the general application of Genet's thesis is reflected in the Chief of Police (Patrick Hannaway) storming on dressed as Hitler. When the three fantasists of the first scenes (Giles Havergal makes of the bishop a nasal, bespectacled suburbanite) are presented with the reality of power after the coup, two languid photographers turn up in T-shirts and ear-phones for what is obviously just one more of life's photo-calls.

These touches strike right to the heart of Genet's purpose. And the discussion of the need for *action*, the idea of each participant being entitled to a separate room and the chilling sound of a child's scream as the world continues, business as usual, in a distant location, are symptomatic of the play's ability to contain all manner of contemporary nightmare.

MICHAEL COVENEY

Milton Keynes Festival

Wild Decembers

The sponsorship which susains the Philharmonia Orchestra for its South Bank concerts also finances a number of appearances in the provinces. On Sunday it took the orchestra conducted by Sir Charles Groves to the Bletchley Leisure Centre for a concert to close the Milton Keynes February Festival.

The programme managed to include a premier — the first performance of Elisabeth Lutyens' *Wild Decembers*, a single-movement essay for small orchestra of double brass percussion and strings. The title is taken from a poem of Emily Brontë, "Cold is the Earth — and fifteen Wild Decembers, From those brown hills have melted into spring."

Although Lutyens denies that the work is in any way descriptive or programatic, its sombre colouring slow momentum suggest that the nostalgic mood of the poet suffused the composition of the music as well. Framed by five bars of glassy chords, the music moves through nine short sections, each restrained yet highly characterised. String harmonics are punctuated by percussion ostinatos, surging romantic violin lines contain a sliding horn solo; a self-contained, repeated scherzo comes complete with a tiny trio.

As in so much of Lutyens recent music the structure and emotion range are tightly compressed. Ideas are staled and viewed from several vantage points rather than developed. *Wild Decembers* is not a major orchestral work but another example of its composer's highly individual working.

The Philharmonia also brought to Bletchley Ian Hobson's playing the concerto Rakhmaninov's Second, which won him the Leeds Piano Competition last September. The Leisure centre did not do much for Mr Hobson's mundane tone, nor for his matter-of-fact deliveries of much of the concerto. In each movement one could innumerate passages that should have been more imaginatively delivered.

ANDREW CLEMENTS

Soho Poly

No Other Love

by ROSALIND CARNE

This charming one-act play should give a modest lift to grey city spirits, seeking a lunch-time pick-me-up. The eternal triangle receives deft handling from writer Greg Branson, who offers a shortened version of a full-length piece, based on an idea and characters created by actress/writer Alexandra Dane. There is certainly material for a deeper investigation, but what I particularly liked was the beautifully economic structure and lightning pace. Everything we need to know is presented dramatically, with no unnecessary explanation of offstage events, no laboured background. We are in the picture from start to finish.

Bianca is a freelance fashion designer, the well-kept woman of a successful entrepreneur, Martin. John Rye revels in this unlikeable creature, unable and unwilling to recognise the human being under the perfect form. He is a startling piece of chauvinist lubricity, but manages to engage our sympathy when the hapless Bianca, (Jill Connick) falls for his old college friend Leo, a scruffy and penniless novelist (unpublished) played by Roger Leach.

Director Mark Scrimshaw and his small cast have risen to the challenge of the well-wrought script and offer solid and convincing personalities. The culminating act of troilism has a *delicious sting in the tail* and I found the whole escapade humorous, humane and delightfully inoffensive.

Lighting and sets are by Bosco, whose sleek and serviceable interior fans out to bistro, bedroom, office and even building site, as occasion demands. The visual elements are cleverly worked into the verbal games, particularly when the awkward trio squeeze themselves on to a small sofa in the build-up to their night of passion.

The production, from the *Playwright's Co-operative* follows Elizabeth Gowan's *Casino* last week. Both plays are currently running as an evening double-bill at the same theatre.

THEATRES ARE CONTINUED ON PAGE 12

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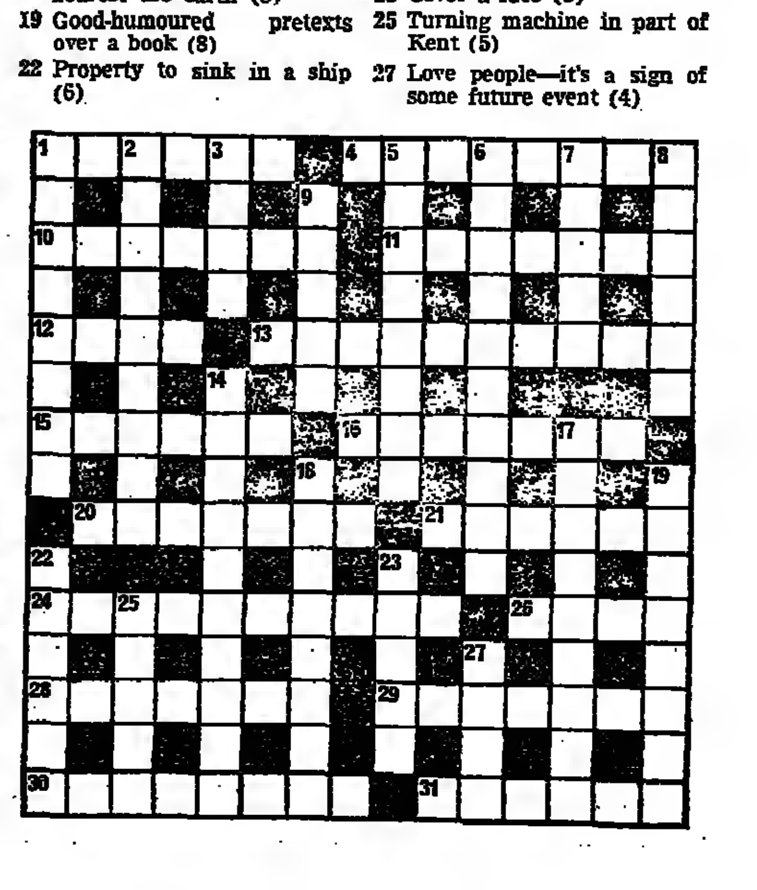
F.T. CROSSWORD PUZZLE No. 4,799

ACROSS

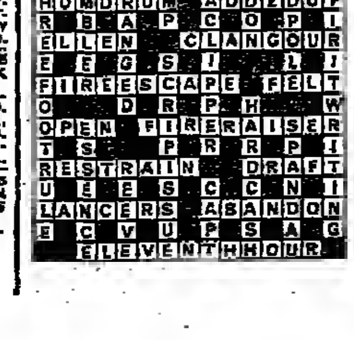
1 Meagre little devil in the heavens (6)
4 Instructs first of trainees to make a box for brewers' necessities (3-5)
10 Composer going to the east for a clog? (7)
11 Giant owner of Doubting-Castle (7)
12 Riotous festivity with a Hindu musical form (4)
13 Speak one's mind unintentionally (5, 5)
15 Is able to preserve a dance (6)
16 Supports inferior articles (7)
20 Mark allowed to redden (7)
21 Plate returned for beast (6)
24 Foolish person making inept butter (5, 5)
26 When first-class return is needed for continent (4)
28 Going to great lengths in the end (7)
29 Soften or harden a type of paint (7)
30 He'll sing about husking (8)
31 Diligently applied as Boy Scouts may be (6)

DOWN

1 Dismiss a group in sporting event (4-4)
2 Not normally developed in instrument with one note (9)
3 Father in anguish (4)
5 Finish with wrath and expose to injury (8)
6 Look like a burglar for a box with a hinge (4,1,5)
7 Muse, having an age to follow (5)
8 Censure one in business (6)
9 Allow male in river of oblivion (5)
14 Enjoying reasonably good health, having put a pound in nymphean spring (6, 4)
17 Sword made with inlaid metal (9)
18 Peering at, endlessly confused, when satellite is nearest the earth (8)
19 Good-humoured pretexts over a book (8)
22 Property to sink in a ship (6)
23 Cover a race (5)
25 Turning machine in part of Kent (5)
27 Love people—it's a sign of some future event (4)



Solution to Puzzle No. 4,798



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Why Europe backs Volcker

THE latest outburst from West European political and financial leaders about the threat to the Western world's economic performance presented by high U.S. interest rates marks an abrupt deterioration in an already strained economic relationship between the allies.

Most Western European Governments have, over the past year, harboured deepening reservations about the thrust of U.S. economic policy, but they resolved to suspend their disbelief in "supply side Reaganomics" in the hope that lower U.S. inflation and interest rates would be achieved in the end.

That restraint did not stop them criticising the Federal Reserve which has borne the main burden of fighting U.S. inflation since it began to surge again during the Carter Administration. But the criticisms were largely technical in character. The efforts the Fed was making to curb inflationary expectations were welcomed. It was the way the U.S. Central Bank was implementing its policy—paying too much attention to weekly or monthly money supply figures and bank reserves and too little to interest rates—which irked the Europeans.

But, as Herr Karl Otto Pöhl, the president of the Bundesbank, made clear in speeches last week, the techniques of Fed monetary control are no longer the focus of European anxiety. Instead what is emerging is a concerted attack on the broad thrust of U.S. economic policy, the combination of booming defence spending and tax cuts. In adopting this position, European Central Bankers—consciously or unconsciously—are emerging as the allies rather than the critics of their colleagues at the Fed.

Stagnating

The West Germans for example had been hoping that by now an economic revival would have begun bringing with it not only some prospect of holding unemployment under the two million mark but also of stimulating capital investment in new technologies and boosting tax revenues so that the Government's borrowing requirement could reduce more easily. Instead the German economy is still stagnating and the purely domestic sector, lacking the boost of export orders, is deep in recession.

Companies are paying between 13 and 15 per cent for bank loans, a real rate of interest of between 6 and 9 per cent. This at a time when, according to the Bundesbank, the corporate sector's dependence on debt, traditionally high by Anglo-Saxon standards, has become even more pronounced. The latest figures from the Central Bank suggest that on average equity now accounts for under 20 per cent of total assets—under 10 per cent in some hard-pressed sectors such as construction — compared with 30 per cent in the 1960s.

Plight

Under such circumstances the prospect of another three years of U.S. budget deficits which are likely to go even higher than officially predicted is profoundly disturbing for German policy-makers. They will add to the volatility of U.S. financial markets and so further restrict the Bundesbank's ability to implement the monetary relaxation it feels is overdue.

They are already anxious about the political repercussions of high unemployment, believing as they do that unemployment is approaching levels at which it could become another focus of public demonstrations and political dissent. Moreover there are grounds for fearing that such political dissent could take on an anti-American tone. Unemployed young Germans who are told that high U.S. interest rates and budget deficits are largely to blame for their plight are likely to become even more critical of U.S. policies, particularly if it can be argued that it is American spending on armaments which is one of the main reasons for those deficits.

Like Wall Street, European leaders are finding it hard to believe in a budget strategy which predicts another deficit of close to $100bn in 1983, and whose reduction thereafter is based on economic growth assumptions which fly in the face of both historical experience and current reality.

Instead they find much more credible the prediction that unless the Reagan Administration changes course the U.S. will soon be facing another protracted period of high interest rates and surging inflation.

The risk the U.S. budget strategy is running in terms of weakening Western Europe's economies is in itself a strategic one. If it increases the alienation in Europe which has begun to manifest itself against U.S. defence policy, the damage will be twofold.

National unity in Zimbabwe

THE COALITION government of Mr Robert Mugabe and Mr Joshua Nkomo in Zimbabwe is facing its greatest challenge since independence nearly two years ago. The discovery of large caches of arms on land owned by Mr Nkomo's Patriotic Front party, and the calls in the government-controlled media for him to be charged with treason, must put the future of the coalition in grave doubt.

Mr Mugabe himself has described his partner as a "cobra in the house," and promised to take action this week. Mr Nkomo's denial of any prior knowledge of the caches, and his party's attempt to blame them on former guerrillas, seems unlikely to defuse the situation.

Antipathy

Collapse of the coalition would be a sorry end to an attempt to form what has been in effect a government of national unity in the aftermath of Zimbabwe's gruelling civil war. But relations between the two parties — Mr Mugabe's ZANU-PF, which draws most of its support from the majority Shona tribes, and Mr Nkomo's Patriotic Front, whose heartland lies amongst the minority Ndebele — have long been strained.

The antipathy dates from a split in black nationalist politics in the early 1960s, and continued throughout the seven-year guerrilla war of independence, despite a nominal military alliance.

When ZANU-PF won the independence elections two years ago with an outright majority, Mr Mugabe opted for a coalition with Mr Nkomo, in the name of reconciliation, and gave the Patriotic Front nearly a quarter of the Cabinet seats.

The coalition has been stronger in name than in reality, for Mr Nkomo's party has failed to have a significant impact on policies. But it has served one vital purpose: it helped in the integration of two guerrilla armies and the regular soldiers of Mr Ian Smith, the former Prime Minister, the most explosive problem after independence.

Yet the underlying political tension has remained. Indeed, the existence of the arms caches suggests that some members at least of the Patriotic Front have refused to accept the outcome of the British-supervised elections.

The most recent political clash occurred over Mr Mugabe's suggestion that a one-party state would be the most appropriate constitution for Zimbabwe. This brought an angry response from Mr Nkomo, who vowed to contest the next election as a separate party. Yet neither man has suggested an election serves no further purpose.

For Mr Mugabe the question of national reconciliation should surely be as important today as it was two years ago. If he believes in a one-party state, then he will either have to win the agreement of the Patriotic Front, or impose it by force, risking the alienation of the Ndebele population.

For Mr Nkomo the coalition has provided a political platform, an opportunity to help in reconstruction and a chance to participate in government.

Tempted

Clearly Zimbabwe needs the services of both men and the co-operation of the parties they lead. The task of rebuilding a country after the war remains enormous and some pressing issues are taking time to resolve — such as the resettlement of formerly white-owned land by peasant farmers. The country is also on the front line between black Africa and South Africa, and the deterioration of relations with Pretoria could have profound economic and military implications.

Thus there is a strong case for the continuation of the coalition despite the difficulties. If it breaks down, then inter-party rivalries will intensify, and men with guns will be even more tempted to use them.

Alan Pike returns to Consett, the town with the deepest unemployment problem in Britain

IT IS the middle of a winter's afternoon. A misty dusk gathers as parents wait outside the primary school to collect their children.

The scene could be anywhere in Britain — except that fathers outnumber mothers in this particular group. Elsewhere in the town the phenomenon is the same: men wandering around the shops with their wives every day of the week; men standing around in groups chatting; men cleaning clean cars; men staring at the sparse collection of vacancies on the display panels of the Jobcentre.

This distribution of excess men is one of the most striking features of an area of high unemployment in the month when the number of people registered as out of work in the UK rose above the emotive 3m mark. But it is no ordinary area of high unemployment. This is Consett, County Durham, which in September, 1980, came to symbolise the human price of the recession. The British Steel Corporation works closed, leaving the area with the worst male unemployment problem in mainland Britain.

Early retirement and other ways of cutting the average working life are receiving increasing attention from employers, trade union leaders and academics. But Consett's experience preempts all the debate because a huge proportion of its population has already undergone this radical reduction in the length of working life.

The overall unemployment rate hovers around 25 per cent, while the male rate is more than 30 per cent. Even the greatest optimists—and there are some grounds for optimism—accept that substantial numbers of people who were prematurely and arbitrarily retired by the steelworks closure and other redundancies are never likely to work again.

Long before BSC's most recent problems the trend had been towards large, integrated steelworks and many former employees now admit that for up to a decade they had suspected that the plant might not survive for the remainder of their working lives.

When the blow fell, and Consett became a one-industry town minus the one industry, there was at least the compensation of BSC's relatively generous severance terms. Former employees shared in more than £7m of redundancy payments; their most pressing problems since the closure have not been financial.

Their problems are rather the aimlessness and frustration to be sensed in the groups of men wandering around the town. There are stories of former steelworkers who meet by chance in the early hours of the morning as they are out walking their dogs, striving to bring the only person with a job at any particular social gathering, of former steelworkers who repeatedly redecorate their homes for the sheer sake of physical work.

But Consett has not stood still and simply bemoaned its fate. Derwentside District Council, the local authority, is mounting an aggressive and imaginative campaign to win jobs for the area. It recently commissioned a study to identify the 50 American high technology companies considered most likely to open manufacturing plants in Europe, and then sent a delegation to the U.S. to visit them all and sell the merits of Derwentside.

These merits include a combination of national and local grants and tax allowances, plus the assistance of BSC (Industry)—the corporation's job creation subsidiary—which the council believes add up to the best package of industrial incentives anywhere in the EEC, with the possible exception of Naples. There is also ample skilled and semi-skilled labour, and a surrounding area of natural beauty—factors which set Derwentside apart from many industrial areas.

Dedicated, painstaking salesmanship of Derwentside last year attracted 650 jobs. This total is expected to grow to more than 2,000 by 1984—which compares with the 8,000 out of work in the immediate area today.

The council is determined to rebuild Derwentside industry around a diverse base to avoid another social disaster arising from the departure of a single, large employer. This policy can have ironic consequences: some former employees of the works that once produced steel around which the railway industry grew are now working for a new company making model steam locomotives.

Not everyone in Consett is waiting for a job. Some former steelworkers have emigrated, many are on academic and other training courses, some have moved away to open seaside guest houses, while others have invested their redundancy payments and their faith in small companies within Consett.

One or two of these ventures, like the Consett Engineering Company employing 10 former steelworkers, are comparatively large, while others are single person operations. It is now possible to have cars serviced, hire tools, get shoes repaired and obtain a range of other services from businesses opened by redundant steelworkers.

The prospects for some of these small businesses look precarious. John Reay, a former crane driver at the steelworks, planned to try his hand at car body repairs until he discovered that 80 other redundant steelworkers had similar ambitions. He has returned to shoe repairing, a trade which he left because he thought steel offered a more secure future.

A year ago there was no shoe repairer's shop in Consett town centre. Now there are two, both opened by former BSC employees. Like many of the ex-steelworkers who have invested in small businesses, Mr Reay is earning less than he received in his weekly BSC pay packet — but he finds life more satisfying than the alternative of unemployment.

"Some of these guys will never work again, but I don't think it has sunk in yet. It's a terrible thing to have to admit to yourself, and a terrible thing to have to admit to your family and friends. People go on looking for work week after week, but the men must know that their chances are thin."

Working alongside John Reay is someone who is a reminder that Derwentside's unemployment problem is still growing. Richard Willis, an unemployed teenager on the Youth Opportunities Programme, was at school when the unsuccessful campaign to save Consett from closure was being prepared. Richard's ambition then was to work in agriculture. Two years after leaving school, his ambition now is simply to work. Like two other members of his family and hundreds of Derwentside teenagers, all he has found so far is the Youth Opportunities Programme (YOP).

His father, also a Consett steel worker, is one of a lucky minority who are being employed to demolish the redundant plant that still dominates the little town. The son is under no illusions about his father's prospects when this melancholy task is complete. "What chance has a man in his fifties of finding a new job around here?" he asks.

Richard's story is typical. Of 410 young people who left Derwentside schools to look for work last summer, only 54 went to permanent jobs. Starved of real vacancies, Mr Ken Wilkinson, the area's principal careers officer, and his staff have to divert their energies to creating training opportunities and refining YOP.

For many this is only a delayed path to unemployment. The number of YOP places which developed into permanent jobs was 20 per cent in Derwentside, compared with 70 per cent nationally. Today the Derwentside rate is down to 10 per cent.

"We can go into schools here and speak to whole classrooms of young people who are unlikely to be able to find work when they leave," says Mr Wilkinson. "Careers officers and teachers are acutely aware that there is a big difference between us and the people we are trying to help—we have jobs."

"Some of these guys will never work again"—John Reay's comment is echoed repeatedly around Consett. And many of these "guys" have children like Richard, part of a new generation of the unemployed. Derwentside Council's most urgent priority is to attract jobs quickly enough to stop most of the generation being forced to move from the area, leaving behind an out of balance, ageing population.

The question to which no precise answers can yet be given concerns the longer term impact of mass unemployment on a settled, relatively isolated community. Durham County Council social services department is well aware of the unwelcome social experiment forced upon it by the closure of Consett steelworks. After studying the effects of other steel closures in places like Corby and Shotton, the council has decided that rather than flood the area with social workers and other professional assistance it should pioneer the idea of helping the local community to help itself. Consett's isolation and one-industry character make it a clear example of a close-knit community, by modern standards, and the social workers hope that this community spirit will help.

Small neighbourhood support teams have been set up by the social services department, and a co-ordinating committee of local organisations established to help the people of Consett decide their own priorities and requirements. So far there is no sign of acute social problems arising from the steelworks closure. There are some indications that the level of marital problems and stress-related health difficulties may have risen, but the statistics to support this are tentative. No one yet knows whether such problems will increase, and if so how soon.

It may be, as some suggest, that the full realisation that many of its older residents may never work again has not yet sunk in.

Hugh Routledge

Mr John Reay, a worker at Consett steelworks for 15 years before being made redundant when the works closed in 1980

'Some of these guys will never work again, but I don't think it has sunk in yet. It's a terrible thing to have to admit to yourself . . . and to your family'

Hugh Routledge

Mr Reay in his shoe repair shop in Consett, which he set up after his redundancy, with (left) Richard Willis, a teenager who is employed on a Government YOP scheme

Men & Matters

On the up-grade

Lord Grade is back at his Marble Arch desk this week, nursing a chill brought on by Britain's wintry air after a spell promoting films in Manila and other business in Australia.

Ironically, Grade's reputation as a film-maker, which sank with the Titanic, is rising fast again. Some of that old sprightliness comes through the sniffles as he talks of the Oscar nominations for that much-praised, and current U.S. box-office draw, On Golden Pond.

Sadly for ACC, the Pond picture was among those partially disposed of when the company was in dire need of cash last autumn. Along with it went The Dark Crystal and Sophie's Choice. All three projects are in the hands of Universal, leaving ACC with a share of the profits rather than the entire take.

Golden Pond's success has been welcome enough. But in the $25m Dark Crystal, Grade may have found a successor to Star Wars. So far even he has only seen a few snatches of the fantasy film which has no human characters, just highly sophisticated puppetry. "But it looks wonderful," Grade says.

The third picture, Sophie's Choice, is at the centre of one of those corporate tangles which result from events like the ACC ownership battle.

With control of the company yet to be formalised, there is an embargo on the signing of staff contracts. One of those affected is Martin Stargar, president of ACC's main production arm in the U.S., Marble Arch films. His contract was due for renewal on the first of this month.

Stargar is now "waiting for the dust to settle" but still planning to make the film, with Meryl Streep in the lead, and ACC providing the guestimated $14m funds.

"I don't suppose you would have a copy of the 'Good Hotel Guide' to put under this wobbly table!"

Gross billings

George Washington's birthday — relegated to an "observance" yesterday — may not count so highly in the U.S. celebratory calendar now, but at least one UK company marked it by toasting its own efforts to buy America back piece by piece.

Charles Hoare, chairman of advertising agency Geers Gross, and chief executive Robert Gross, crossed paths in London long enough to clink glasses and announce the acquisition of the New York company Kurtz and Tarlow.

Bronx-born Gross said the takeover of a third U.S. advertising group in four years would push GG over the "magic" $100m billing mark — "a short-cut to growth in the American market."

Back in May, 1980, after its last successful foray, Hoare claimed that the group's then $50m billing was the threshold for "entering the big time."

But that is what inflation does for you, I suppose.

Each-way bet

Few politicians are lucky enough to find themselves in the "fail-safe" position that Michael O'Kennedy occupies in the Irish General Election this week.

The worst that can happen to him is to return to his post in Brussels as an EEC Commissioner from which he has taken leave of absence.

And though he is known to be less than happy with his nebulous duties as assistant to Commission president Gaston Thorn — for which Margaret Thatcher' meddling in the portfolio assignments is blamed— they do have their compensations.

O'Kennedy is expected to win a seat in the Dail, however. If his Fianna Fail party triumph, a seat in the Cabinet would certainly follow. If the FF lose, the 46-year-old O'Kennedy would be a favourite candidate to take over the party leadership from Charles Haughey.

A long way to Tipperary, but well worth O'Kennedy's trip.

Old stock

When City lags talk of the greatest ever coup achieved in a bear market, the name of Rothschild usually comes to mind. Much of the banking family's fortune were based on an early Rothschild's stubborn belief that the Iron Duke would wipe out Napoleon.

But yesterday another old City name cropped up with similar connections. The Reading based firm of Heseltine, Moss is merging with the Welsh firm of Care Rowland, reviving memories of Waterloo once again.

William Heseltine, listed in the London Post Office Directory of 1816 as a stockbroker at 17, Throgmorton Street, was obviously already pretty flush by then. Legend has it that, like Rothschild, he too had personal spies out in Europe and received early news of Napoleon's defeat.

Heseltine's latest move retains a military flavour. Against all the odds—City punters are betting on medium sized firms being in for a rough time—the firm intends to attack both the ancient coal mining areas of Wales for stockbroking business and the brand new computer and electronics industries where all the big brokers are concentrating.

There are no longer any Heseltines with the firm, though according to partner Christopher Blount, Environment Secretary Michael did once pay them a visit to claim a distant connection. But one family that has long been associated with Heseltine Moss is the Lauries. When he died last year, Vernon Laurie was Father of the House at the Stock Exchange and his son, Robert, is still a consultant to the firm.

Folklorean

Some people seem to think, writes my pixilated Irish correspondent, that the De Lorean car company is in trouble because of high interest rates, the recession in the U.S. car market, or even excessive bonuses for American executives.

Not at all . . . at all. The truth is that the men who cleared the site for the Belfast factory came across a whitethorn tree in the middle of the field. And instead of leaving it, bulldozed it up by the roots.

As every Irishman knows, a whitethorn in the middle of a field is where the fairies dance and to destroy one is to ensure bad luck for ever.

Observer

JAPANESE SHIPBUILDING

The Koreans force the pace

By Andrew Fisher, Shipping Correspondent

Japan's shipbuilders, their confidence bruised as South Korea sharpens its competitive edge and entices away major world orders, are doing their best to see ahead as far as the next century.

Financially scarred and their capacity much diminished after the hectic years of the 1970s they are eager to be in the forefront of developing advanced new ships for the next few decades.

"We have to do better," says Mr Taiji Ubukata, president of Ishikawajima-Harima Heavy Industries (IHI), which built some of the world's biggest tankers before the oil crisis dealt a punishing blow to the big tanker boom. "Japan will have to find better ways of doing things than others."

Japan still produces much the largest share of the world's ships. But the industry is under pressure and prospects in the immediate future are not encouraging.

Export business has tailed off sharply, with Korean yards like Hyundai and Daewoo snatching some big orders.

Korean shipbuilding prices are at least 15 per cent lower than those in Japan. But the Japanese industry has decided not to go for orders at any price, but to try and sit out the present problems.

Last week another major order went to Hyundai, when the Barber Blue Sea consortium placed a $200m contract for several roll-on/roll-off container ships. Japanese yards have built for this UK, Norwegian and Swedish grouping before, but were not too surprised at Korea's latest success.

Japan's strategy in the face of this competition is a careful one. Capacity and labour force have been cut sharply in the past few years and a special anti-recession cartel was set up to ensure an orderly rundown. In 1978, the Ministry of Transport told 61 companies able to build large ships of the plan to cut overall facilities by 35 per cent. Fifteen of these were soon bankrupt.

By 1980 capacity had been cut by slightly more than the target level and a special government-established body had paid out nearly Y37bn (£85m) for surplus yards, with the aim of selling the sites for other uses.

It was left up to the companies to decide how they wanted to get their capacity down to the target figure. The Government also required major companies to limit production to less than 40 per cent of 1974 peak production in the 1979 fiscal year to March 31. This rose to around half in fiscal 1981.

Bigger companies coped with this by switching to offshore oil or engineering work. And orders have picked up since 1979, with the result that their shipbuilding profits—now a much smaller part of their total earnings—have started to look healthier. However, this renewed impetus has recently weakened.

In Europe, there is still a fair amount of scepticism about how far Japan has actually cut back and to what extent it could start walking off with a large share of new orders once recovery set in properly.

The Japanese are keen to emphasise that their industry is now much more conscious of profit than of volume than it was in the early 1970s.

According to IHI's Mr Ubukata, the slow order rise over the last three years has proved "a temporary revival which did not have a lasting effect. With little improvement likely in the near future, the industry would have to sit tight.

Japan's best prospects in the future, he believes, lies in the development of much mora sophisticated engine and hull designs.

Japanese shipbuilders have come up with a number of advanced designs and the Shipbuilders' Association of Japan (SAJ) has a special committee to study new production and ship technology.

Japan built the first merchant ship, a small tanker, to use computer-controlled sails to reinforce the main engine. The SAJ's committee is also studying greater use of non-oil fuels like coal and even hydrogen.

It will also see how far robots—they will have to be more flexible than in the car industry—can be used in shipyards. The SAJ will study, too, the limits to which automation can be carried on board.

"The ultimate objective," says Mr Takashi Nakaso, the SAJ's executive managing director, "would be to achieve something like the flight deck of an aircraft with maybe three or four crew members."

This, it should be said, is much more ambitious than the present targets of Japanese shipowners who are now trying out 18-man crews on some ships instead of 22. But some European owners, like Sweden's Brostrom, have already progressed further in crew reductions.

Meanwhile, the Japanese Government has provided shipping companies with subsidised credits to build energy-saving or gas vessels to help domestic shipowners and to preserve a strong fleet.

Companies do not have to build in Japan to qualify for the cheaper credit rates, but in practice the domestic yards — see the article below on Mitsubishi's yards in Nagasaki — have been the real beneficiaries.

With Japan's new ship exports down by 18 per cent last year to 5.3m gross registered tons, the country's yards are happy to have the extra work provided by the domestic programme. "There is a feeling of some apprehension," said Mr Yuichi Watanabe, senior managing director of the Japan Ship Exporters' Association. "Korea is a source of concern to us."

Though shipbuilding may have slipped in the ranks of Japan's world export achievers, it still employs around 230,000 people — down more than a third since 1974.

Thus however far-fetched its technological strivings may seem, they are viewed seriously. SAJ's Mr Nakaso concluded: "They are seen as the only way the Japanese shipbuilding industry will survive into the 21st century."

WORLD'S MAJOR SHIPBUILDERS

(m gross tons at September 1981)

	Ships completed (1st nine months)		% of total	Order book (end-Sept.)		% of total
Total	12	(9.1)*	100.0	36.4	(37.5)†	100.0
Japan	6.5	(4.6)	54.2	13.4	(14.7)	36.8
S. Korea	0.7	(0.3)	5.3	3	(2.7)	8.2
Spain	0.7	(0.3)	5.3	2.3	(2.5)	6.3
Brazil	0.5	(0.4)	4.2	1.5	(1.6)	4.1
W. Germany	0.4	(0.2)	3.3	1.2	(1.0)	3.3

*Comparison with same 1980 period. †Comparison with end-June 1981. Source: Lloyd's Register

Smaller ships from a giant yard

IN THE hellway of the big modern Koyagi shipyard just outside Nagasaki Bay is a detailed red and green model of a supertanker, the type of ship that belped shipbuilders in Japan to dominate the world industry in the early 1970s.

But the industry would rather forget about such ships now. The Koyagi yard, built by Mitsubishi Heavy Industries at e cost of some Y40bn, is now building a whole range of smaller ships in its buge dock which was completed a decade ago.

In those days, the emphasis was on VLCCs and ULCCs (very large and ultra large crude carriers) and there seemed no end to the ordering spree. Today, nobody wants new tankers of this size.

The main building dock at Koyagi was built to handle two ULCCs at a time. Before the oil crisis punctured demand, six ULCCs were built there and the company had orders for three others which were later cancelled.

At Mitsubishi'a older yard in the bay, more than 90 big tankers were constructed in the heyday of the VLCC. Ironically, one of Koyagi's present jobs is to instal a new, and less fuel-thirsty, engine in a British Petroleum tanker, which was built in Nagasaki and then laid up for several years after the oil price surge.

At the moment, Mitsubishi's two Nagasaki yards in south-west Japan have enough work for about a year, according to Mr Masaki Kanayama, a a group director and general manager of the Nagasaki plants.

No new orders have come in since last summer and about half the work-in-hand is for domestic owners, including costly liquefied natural gas (LNG) ships and a massive energy-efficient bulk carrier.

The Nagasaki yards are also building a coal-fired ship for Australia—in which the engine room can occasionally be left unmanned—special semi-submersible barges for offshore work, and small oil product tankers.

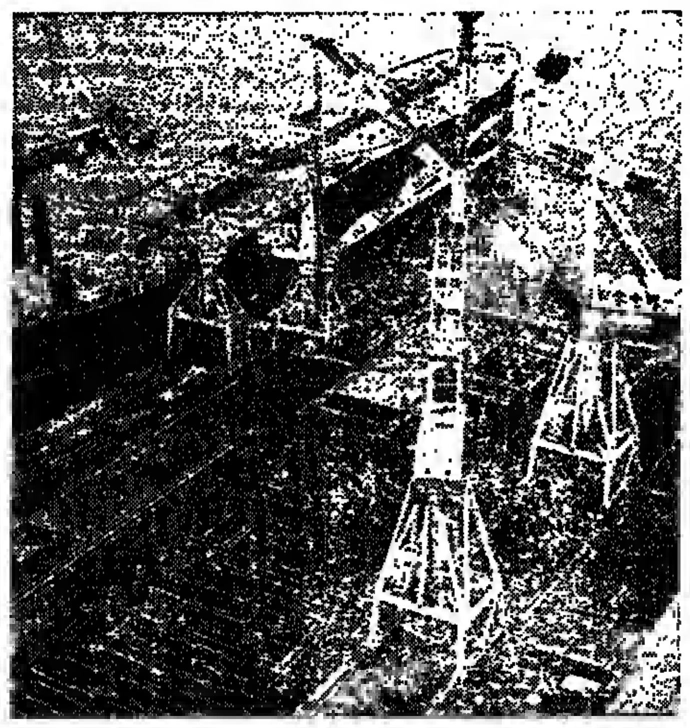
When orders collapsed after the oil crisis, shipbuilding had to take a beck eeat at Nagasaki where engineering and machinery have come to dominate output.

But it has been edging back again—the current new ship order book at Nagasaki is worth more than Y416bn (£954m) an improvement but only half as much as in the halcyon days of 1974.

To meet the Government's capacity target, Mitsubishi ended ship construction at its Yokohama and Hiroshima works and cut facilities in Nagasaki. It also builds ships in Kobe and Shimoneseki.

As part of the slimming proeess, some 3,000 workers were transferred from Nagasaki to other Mitsubishi factories, especially car plants. But the three-year period of their transfer is now ending.

So the company's major preoccupation is to figure out how to re-absorb them gradually at a time when business is slackening. It has yet to decide exactly how to do this.



Halcyon Days; supertanker at a Japanese yard in the 1970s

Lombard

A market rate for Soviet trade

By Paul Cheeseright

THE U.S. Government has impaled itself on the spike of its economic sanctions policy against the Soviet Union. European leaders should now be pondering how to help the Reagan Administration lift itself off. Discussions within Nato have revealed the futility of seeking a unified western approach to trade relations with the Soviet Union.

Only the UK Government has followed the Washington lead—the sanctions announcement of December 30—and it has carefully avoided taking any measures which immediately impinge on export sales. This is revealing of a more general attitude in Europe that, paradoxically, is more in tune with the American tradition of doing business than the Reagan Administration's approach to the Soviet Union.

Trade is about making money. It is not about changing political relationships. It is not a weapon which has ever been effectively used as the main instrument of changing the political system of another.

The only way to interfere with trade, as a money-making process, is to exercise monopoly power. And that is precisely what the U.S. does not have in the oil and gas equipment and technology it is particularly pre-occupied to prevent reaching the Soviet Union. The lack of monopoly power therefore placed it in the position of trying to make a sanctions policy out of somebody else's trading interests.

This meant, in effect, that it had to establish an anti-Soviet cartel, but its ability to do this was impaired right at the start by its failure to include in the list of the sanctioned products the only goods where it has some leverage in world markets—grain. It was thus immediately in the position of trying to create a cartel which it wants to control, without being in a dominant position.

Putative members of a cartel need to know that they will gain something from it. What the U.S. has so far been able to offer is only membership without benefits. For political and strategic reasons which European nations reject as invalid, it has sought to hinder the completion of the Siberia-West Europe gas pipeline. But it has failed to offer the equipment suppliers and potential recipients of the gas adequate compensation — or enough inducement to join the cartel.

The U.S. difficulty is that the trade-offs which might appeal to, say, EEC members are quite unacceptable to Washington politically. They might include easier access to the U.S. market for European steel, an end to the offensive against the common agricultural policy, or an answer to the pleas for lower U.S. domestic interest rates.

This leaves the U.S. in the embarrassing situation of having hastily adopted a policy which it is not certain how to execute and which has left the western alliance in disarray. But there is a course which the Europeans could adopt which meets both the U.S. aim of putting pressure on the Soviet Union and ensuring that they profit from their eastern trade.

The course is simply to make the Soviet Union pay at the market rate for what it wants to buy. This involves in the first place a refusal to grant credit for goods like chemicals which traditionally have been paid for on the nail. Second it demands that medium and long-term export credits for the Soviet Union are set at, for example, 14-14.25 per cent, which is three percentage points above the international guidelines on minimum rates for relatively rich countries.

At present the Soviet Union is not even classified as relatively rich, just intermediate and able to borrow at a minimum 10.5-11 per cent. The EEC has discussed raising its status to relatively rich, but it should go further than this, especially as pipeline deals were struck at 7.8 per cent, when the guidelines for interest rates were lower.

If the West can present a united financial front to the Soviet Union, it might be possible to satisfy U.S. demands for a barder economic line, at the same time easing Washington off its spike and eliminating an element of subsidised trade.

Letters to the Editor

The debate on methods for industrial recovery

From the Director-General, Confederation of British Industry

Sir,—Samuel Brittan (February 11) must not be allowed to blur tha debate now underway about what would be better for Britain's industrial recovery — and in the longer term employment — in the coming budget: a cut in the National Insurance Surcharge or some other measures.

Estimate of gross NIS yield by sector in 1980

Private Sector	%
Manufacturing	27.2
Distribution	9.6
Banking, etc.	7.3
Construction	5.3
Transport and Communication	3.1
Agriculture, mining etc.	1.5
Oil	0.1
Tourism, etc.	3.4
Other services excluding Tourism, etc.	12.1
Public Corporations	10.6
Central Government	8.1
Local Government	11.7
Total	100.0

The tabla shows clearly that manufacturing accounts for nearly 30 per cent of the gross yield; central and local government for about 19 per cent; public corporations about 10 per cent — way down the list are banking, insurance and finance accounting for seven per cent, and petroleum and natural gas accounting for 0.1 per cent. A cut in NIS would not only assist manufacturing, but would bring mnch needed aid to distribution, tourism, construction, transport, communication and services, all of which are now beginning to feel the severe effects of the recession.

In the case of central and local government, a cut in NIS would be simply a book transfer. Where the public corporations are concerned, an NIS cut would give them more finance either to reduce prices or for more investment — belpful all round where we are fighting inflation and recession.

Business and industry — through the CBI — has taken all these factors into account in calling for a Budget cut in NIS, a tax on British jobs, rather than a reduction in income tax (over and ebove Rooker Wise indexation), which would be likely now—as in the past—to lead to a surga in imports. If we have to make e straight choice, we are in no doubt that an NIS cut would belp to achieve what is needed by cutting business costs and improving our ability to compete.

It is very hard indeed to think of a more perverse tax than NIS; it penalises exports and reduces our competitiveness versus imports. If we had done that in reverse we would have had instant protest from the EEC and GATT. Cutting NIS would be the quickest and all embracing method of giving business the belp it now needs.

Incidentally the CBI does not accept the argument that any saving on NIS would be absorbed into wages. Many factors detarmine wage levels not least company profitability.

Real disposable income in 1981 for persons stands 13 per cent higher than it did four years ago while post tax profitability for companies bas fallen 67 per cent in the same period.

(Sir) Terence Beckett,
CBI, Centre Point,
103, New Oxford Street, W.C.1.

From the General Secretary Inland Revenue Staff Federation

Sir,—Samuel Brittan's article (February 11) will, donbtless, receive ample standard "cheap labour" criticism. Ha may well deserve and expect that, but I believe what he is saying merits a different approach.

May I, however, say that it is not proven that the injection of a sensible sum into the economy on a selective basis would inevitably be dissipated in inflation; if it is not over-rash to say so publicly, I prophesy that Sir Geoffrey Howe wil be saying exactly that on March 9. Even the TUC'e £8.3bn (according to the Treasury economic model) would raise inflation by little more than 1 per cent and certainly not increase PSBR.

Before Mr Brittan is convincing, bowever, we need his next article telling us how long his scheme (the option of pnblic employment for net pay no less than present social security benefits) would go on for and what he sees as the social consequence.

We are in great danger of pretending to ourselves that unemployment on about the present scale is—will turn out to be—no more than a temporary phenomenon. What if it is not? I believe very strongly indeed that it will not be.

Is it really acceptabla that Britain should have permanently 3m, 4m, 5m people of working age not working under "normal" arrangements? Moreover, as demands for skill and new skills increase so the "unemployed" will embrace a steadily rising number of "those of low earning capacity" who are rather casually discussed in the article.

Certainly there are vast opportunities for public employment in the areas Samuel Brittan describes. But it is not looking or planning far enough ahead simply to put it forward as free grazing for unemployed scapegoats.

While Mr Tebbit's Bill is at best completely irrelevant to our real needs on industrial relations and at worst positively counter productive, perhaps we do protest too much about the demands for trade unions to take a broader view of things—including the illogicality of "free collective bargaining" given a genuine contract with Government.

But what I do resent is the total absence of any clamour for a corresponding response from "capital." Has Samuel Brittan some proposals which provide for ownership and investment to bear a matching sacrifice as be seeks from the unemployed? Yes, I know about present low profits: it is what will be done with improved profits that I question. Just how far up does his "family needs" approach go?

Where is the thinking about how as a nation we come to terms with large long-term unemployment?

Tony Christopher,
Inland Revenue Staff Federation,
7, St George's Square, SW1.

Further delay over compensation

From Professor D. Myddelton

Sir,—It is distressing, but not surprising, to learn that the British Government is seeking further delay over compensation for the nationalisation of aircraft and shipbuilding compsnies in 1977. It has been edmitted that the situation is "grossly unfair" to the companies' shareholders, but still the prevaricating politicians and civil servants try to obstruct justice.

Here is yet another of the many unacceptabla faces of collectivism, involving the swindling of private citizens and the complete absence of any sense of personal responsibility. No wonder honest people hold modern governments in such contempt.

(Professor) D. R. Myddelton.
Cranfield School of Management,
Cranfield, Bedford.

Building societies' management

From Mr K. Weetch MP

Sir,—The secretary-general of the Building Societies Association (February 3) tells us that one of your correspondents "seriously underestimates tha quality of building society boards of directors."

Rather than defending the status quo, the secretary-general's skills and energy should be directed to persuading the Building Societies Association members to behave in e more responsible manner when there are contested elections for directorships. He is rigbt in saying thet most elections are uncontested but when there is a contest—thet is, when ordinary members of building societies are nominated for directorships in competition with existing directors—the existing boards of directors use every trick in the book to maintain themselves in office.

They erect all sorts of obstacles to candidates who wish to communicate with their fellow members. They circulate messages (at the societies' expense) in support of directors np for re-election but they refuse this facility to other candidates. They are prepared to use proxy forms in favour of existing directors. They pass resolutions cutting down the number of directors' posts if they think that there is the chance of an ordinary member of the society joining the board. And so on.

If the Building Societies Association is at all interested in the fair and proper running of its member societies then its secretary-general should try and stamp out these manifestly anti-democratic practices.

Ken Weetch, MP.
House of Commons, SW1.

A cube that is disappearing

From Mr G. Lea

Sir,—Have others noticed that small sugar cubes seem to heve disappeared from grocers, but are commonly to be found in the teashops? It would seem to be in the interest of grocers to stock larger cubes, but caterers presumably prefar customers to take their normal number of smaller cubes. As one who prefers one small cube, I have to import them along with the dnty frees. Perhaps manufacturers of sugar substitutes will prodnce half-spoonful pellets.

Graham Lea
Flat 20, 3 Abbey Orchard Street, SW1.

UK COMPANY NEWS

Drake and Scull soars: tops dividend forecast

A SHARP advance in taxable profits in the second six months from £1.37m to £2.24m helped lift the total outcome for Drake and Scull Holdings by 65 per cent to a peak £3.6m, compared with £2.17m for the period to October 31 1981.

Sir Monty Finniston, the chairman, describes the results as "creditable" given the difficult UK and international trading conditions which persisted throughout 1980-81. He adds that cash generation was excellent, reflecting tight financial control.

Profits at the attributable level however, fell back from £2.72m to £1.56m. In 1979-80 the figures benefited by £1.42m from two non-recurring items while in the year under review profits at this level were adversely affected by extraordinary debits of £530,000, including a provision of £500,000 for any losses which may result from a reorganisation of the Sturtevant Group which is to be implemented in 1982.

Nonetheless, the final dividend is being stepped up from 1.5p to 1.75p which raises the net total by 0.25p to 3p per 1p share—at midyear the directors forecast a final of at least equal to the previous year's payment.

Stated earnings per share before extraordinary items were higher at 10.4p (6.2p) but after extraordinary items they were well down at 7.5p, compared with 13.8p.

Turnover of the group, an electrical, mechanical and construction engineer, improved from £94.7m to £115.31m during the year. Operating profits emerged at £3.71m (£2.22m) including interest receivable of £520,000 (£277,000).

The pre-tax figure was struck after losses of associates amounting to £113,000 (£51,000). Tax took £1.36m (£690,000) including an overseas charge of £915,000 (£472,000) and prior year adjustments which came through as a debit this time of £17,000 (£134,000 credit). Minority debits were £140,000 (£153,000).

After dividend payments of £738,000 (£693,000) retained profits showed a drop from £2.03m to £826,000. Reserves were boosted by currency adjustment credits of £293,000 (£167,000 debit) and at October 31 1981 stood at £2.66m (£1.54m). Last year there was a reduction in share capital of £4.4m and a reduction in share premium of £422,000.

Current cost adjustments reduce the pre-tax figure to £3.46m and on the same basis earnings per share came through at 9.7p before extraordinary items and at 6.8p after.

● comment

Drake and Scull has widened the scope of its international operations to good effect. And, although conditions in the contracting industry remain very tough, the terms of trade do seem to be easing. Advances from clients now stand at £3.7m against £1.48m a year earlier and net cash has risen to £6.6m against £1.69m. Interest receivable, then, is playing an important part in the pre-tax profit rise, but the aim now is to find a contra-cyclical acquisition most likely in the U.S. or Australia. The Sturtevant business lost £271,000 during the year but, with further rationalisation at Denton to come this could offer a good slug of loss elimination. The shares have broken into new ground for 1981/82 with a rise of 8½p yesterday to 52½p but the historic fully taxed p/e of 5.9 will probably support a further re-rating. The yield of 8.4 per cent is adequate as far as it goes and the level of CCA cover again looks strong. Perhaps the best catalyst would be a substantial and successful overseas deal.

HIGHLIGHTS

Lex looks at the international oil market and the UK industrial production figures for December before moving on to the continuing saga at ACC. Over the weekend Australian entrepreneur Robert Holmes à Court increased his offer to match that of Heron and yesterday Heron said it would raise its bid once it had seen the opposition's terms. On the international front Eurocanadian financing remains stretched and Frank Narby's offer for sale of his North Atlantic container business is looking for a price over $100m. The column also looks at Toyota Motor, Japan's largest car manufacturer, where the six months to December 1981 has produced net profits up by 16 per cent to Y66bn, thanks partly to lower material costs and some favourable yen exchange rate movements. The group is forecasting Y133bn net income for the year.

Equipu in line with forecast

PRE-TAX PROFITS of Equipu, Bristol based office equipment and business systems manufacturer which came to the Unlisted Securities Market last November, improved by 15 per cent to £250,000 in the six months to October 31 1981.

This is in line with expectations, and the directors say they are still confident of achieving the forecast of full year profits of around £600,000 made at the time of the November placing. Last year profits totalled £522,000.

They state that third quarter sales make them feel more optimistic that the worst of the recession is now behind the company and a satisfactory growth pattern can be expected.

After higher first half tax of £128,000 (£49,000) net profits fell to £122,000 (£168,000) and earnings per share are shown to have fallen from 4.18p to 3.05. The net interim dividend is 1.1p.

Turnover for the period totalled £2.48m (£2.39m).

Scottish Eastern pays more

GROSS REVENUE of the Scottish Eastern Investment Trust rose from £6.49m to £6.6m for the year ended January 1 1982.

The final net dividend has been raised from 1.75p per 25p share to 1.85p making a total of 3.35p against 3.25p previously. Stated earnings per share dropped from 3.48p to 3.33p. The net asset value after prior charges at par was 116.4p (101.2p).

The directors of this investment trust rose they have decided to alter the investment policy of the company. "In the past the aim has been to achieve a balance of growth of capital and income but in future growth of capital through a geographically diversified portfolio of investments will be given higher priority."

They add that while this change is being implemented, earnings may be adversely affected but dividends will at least be maintained, if necessary out of revenue reserve.

MEPC RIGHTS

Acceptances have been received in respect of more than 85 per cent of the 34.25m shares of MEPC offered in a one-for-5 rights issue at 188p per share to raise £62.3m.

Fredk. Parker into £3m profit

INCREASED DEMAND from certain export markets pushed the taxable profits of the Frederick Parker Group up to £3.1m from losses of £692,000 previously for the year ended September 30 1981. Turnover rose by 14 per cent from £34.6m to £39.6m.

Shares are traded in the market made by M. J. H. Nightingale.

A final net dividend of 3.5p per 10p share will be paid compared with no payment at the end of the previous year. This makes a total of 4.5p (1.2p). Stated earnings per share rose sharply from 3.3p to 19.7p.

Mr Kenneth Parker, chairman of this construction equipment holding company, says the group's cash position has been dramatically improved, moving from an overdraft of £7.26m to a credit balance of approximately £200,000. This reflected improved profitability, reduced stock levels, better commercial control and a substantial tax repayment.

He says the improved condition is a result of improved export markets coupled with management action to restore profit.

After a poor first quarter, he points out, the intake of new orders improved substantially and for the year sales reached a record level with exports exceeding $5 per cent.

Sales of replacement parts were up 35 per cent on the previous year, adding significantly to profit, he says.

Hireplant, in common with other UK plant hires, suffered badly from the low activity in the construction industry and sales were down although the company remained in profit by severely reducing operating costs.

Mr Parker says the financial year has started with a strong order book and group results for the first half year are likely to show an increase on the corresponding period last year.

He says that while the UK market remains very depressed, a reasonable inflow of export orders continues.

Trading profits were £3,756 (£412,000). Taxable profits were struck after interest of £652,000 against £1.1m. Tax took £256,000 (£1m credit), leaving profit after tax of £2.85m (£330,000).

Report to examine Euroflame suspension

BY IAN RODGER

WHEN WOOD STOVE distributor Euroflame Holdings was launched on the Unlisted Securities Market exactly a year ago, observers marvelled at the deal Tring Hall Securities had brought off.

Tring, then riding high on a string of successful flotations of small companies on the Stock Exchange's fringe markets, had paid £375,000 to buy 75 per cent of Euroflame in October 1980. And here it was four months later offering a third of the company to the public for £330,000 and £110,00 of that was new capital.

Euroflame looked very exciting. With the cost of conventional fuels rising sharply, the attraction of a stove that burned wood might be considerable for many rural consumers.

The fact that Tring Hall was retaining a 55 per cent stake seemed a further indication that the company had a bright future.

What a difference a year makes. Yesterday, USM dealings in Euroflame shares were suspended "pending clarification of the position of the company," and the suspension was not at the company's request.

Later, Tring Hall confirmed that an independent report on the company, carried out last month, had been received. An announcement on Euroflame's future is expected tomorrow.

Things started going wrong for Euroflame on the day of its launch. Mr John Viall, the chairman installed by Tring Hall, was perhaps unaware of the ways of the City and replied willingly to a question at the Press conference that he would be disappointed if the group did not make profits of £450,000.

The next morning, stock exchange officials began investigating and, within a few days, called a halt to the share placing until a proper profit forecast was prepared.

A month later, a new prospectus appeared with a forecast profit before tax of £335,000.

The company then disappeared from view, surfacing briefly in July to acquire a small solid fuel stove distributor, Logfires (Woodstoves), for £850,000 including expenses, raised through a vendor placing at 48p per Euroflame share. At the time the March profit forecast was reaffirmed.

But the shares drifted down from a high of 57p in June to 22p early in December and then plunged to 10p on New Year's Eve when the company announced that, far from meeting its profit forecast, it now expected a substantial loss in 1981.

A loss of £13,558 before tax was reported for the half year, the proposed 1p interim dividend was passed and the company said no final would be paid either.

Mr Viall said that trading in the last five months of the year had been "most disappointing." The company's problems had been discussed with Tring Hall and, on their recommendation, Stoy Hayward and Co., chartered accountants, had be enappointed to make an independent report. The group's accounts were expected this month.

Tring Hall, which still has a 36 per cent stake, also appointed Mr J. E. A. Mocatta, formerly managing director of United City Merchants to the Euroflame board.

The group's main products are the Kamina woodburning cookers and stoves manufactured by Efel of Belgium. Distribution in Britain by a predecessor company to Euroflame began in 197[illegible] and sales grew rapidly to £1.6m in 1980.

Euroflame has never explained what went wrong in the second half of last year, but dealers report they have had problems with the Kamina Chef wood/solid fuel burning cooker.

Tring Hall has already injected new activities into two of its companies that have come to grief. Shareholders of Euroflame will probably be told tomorrow whether or not they will continue to be in the wood burning stove field.

Anglian Windows may seek public flotation

Anglian Windows, the Norwich-based window replacement group, is considering a public flotation of the company on the stock exchange. The company has not decided whether it will raise any new money from the flotation.

Mr Alan Keizer, joint managing director, said yesterday that not much more than the statutory 25 per cent is likely to be sold in the initial flotation. He said the market capitalisation of Anglian would be in excess of £20m but not more than £30m.

Anglian was founded in 1966 by the present chairman and majority shareholder, Mr George Williams. In the past five years, sales have grown from £9.5m to nearly £48m and profit before tax has increased from £680,000 to over £4m in the year ended last April.

As well as replacement windows the group also manufactures and sells patio and residential doors and secondary double glazing. It employs 850 people at its Norwich facilities and has some 140 showrooms and distribution depots spread throughout England and Wales.

About 25 per cent of the share capital of Anglian is held by Silvermines, the Irish investment company. Following the flotation, expected within the next few months, Silvermines is likely to retain a significant holding. Mr Williams, 54, is likely to remain the majority shareholder in the company.

Mr Keizer said yesterday that the issue would aid expansion plans. He said the group would like to begin operating in Scotland and possibly start exporting its products. However, he said, it might be some 18 months after coming to the market that the group would seek to raise money for such expansion through issuing shares.

The issue is expected to take the form of an offer for sale of part of the share capital and will be handled by S. G. Warburg, the merchant banker.

Braid Group hit by added problem in current year

IN HIS annual statement Mr Denby Bamford, the chairman of Braid Group, tells members that under present circumstances he cannot attempt to forecast the results of the company for the current year.

He says the year has not started well but points out that the early months of any of its years are difficult although on this occasion the company has had the added serious problem of the "atrocious" weather over the past month or so.

The chairman adds that the results of previous actions taken to improve efficiency are continuing to work through and that the directors will take any further action that may be necessary to enhance the company's performance still further.

The compulsory purchase of the premises of the Chester Engineering Company in Colwyn Bay necessitated the reorganisation of the group's operations in that area. An alternative Vauxhall/Opel showroom was acquired and both Vauxhall and British Leyland parts and servicing facilities were combined in the major Braid B[illegible] premises.

The chairman explains that this operation resulted in the freeing of approximately £100,000 of assets but says that in his opinion the future of the group's BL operation "must be in doubt in view of inadequacies in our franchise arrangements."

As reported on January [illegible] the group sharply reduced its losses in the second half of the year to September 30 1981 [illegible] for the full period finished £337,164 in the red, compared with £872,677 previously. Turnover for the year was down from £43.47m to £38.69m.

The group balance sheet shows fixed assets at £3.4[illegible] (£3.85m) and net current assets of £2.71m (£2.64). Shareholders' funds were £5.3[illegible] (£5.3m).

Working capital showed £768,886 increase (£1.66m

Downturn at Economic Forestry

For the year to September 30 1981, pre-tax profits of Economic Forestry Group, interests of which range from tree nurseries to the harvesting and marketing of timber for commercial use, fell from £454,754 to £248,969.

The dividend payment per £1 share is 6p (7.3p adjusted) but in a statement with the accounts Mr Douglas Badham, chairman, says he is confident profits will again improve as the country moves out of recession.

Turnover of this private company advanced from £19.08m to £20.01m in the year under review. Operating profits totalled £300,781 (£454,369) and there was an associates lose of £51,812 compared with a profit of £385.

Minority profits this time amounted to £6,028 (£61,212) and there was an extraordinary debit of £69,010 (nil). The attributable balance came through at £183,250 (£367,575) and, with dividends costing £124,126 (£136,049), retained profits fell from £231,526 to £64,124.

AFA-MINERVA

AFA-Minerva, the fire detection and security technology company which is part of Thorn EMI's security division, has decided to move its Far East offshore and marine headquarters from Manila to Hong Kong.

Mr Stewart Kidd, the director and general manager of the company's Hong Kong office, said: "The move is necessary because of the increasing opportunities for marine fire protection business in Hong Kong, much of it emanating from China."

Little change at Copson

A small increase in pre-tax profits was shown by F. Copson and Co., supplier of heating equipment and building materials, for the six months to October 31 1981. The surplus rose from £58,015 to £60,723, but with turnover up by £295,284 to £3.12m, Mr F. Copson, chairman, has expressed some disappointment with the results.

"For the remainder of the year," he says, "we are making every effort to ensure our continued profitability and we are hopeful that the second half year improvement, recorded in previous years, will be repeated."

With the recession, the resultant fall in demand and consequent fierce competition, margins have not suffered quite as much as could have been, says Mr Copson.

He adds that he is confident the dividend will be maintained. A single payment of 1.4p net was made in the last full year from pre-tax profits of £191,818 on turnover of £5.69m.

Earnings per 5p share for the six months were stated at 0.82p, compared with 0.81p before. The charge for taxation was similar at £30,713 (£30,163). Minority interests took £542, against a previous credit of £1,304, leaving retained profits for the period of £29,468 (£29,451).

Current cost pre-tax earnings are shown at £42,995 and on the same basis earnings per share were 0.37p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Drake and Scull	1.75	April 7	1.5	3	2.75
Impala Plat Hldgs ...int	25†	April 9	35	—	110
Scottish Eastern Inv.	1.85	May 4	1.75	3.35	3.25
Apex Props ...int	0.7	April 2	0.7	—	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

International Westminster Bank higher

Pre-tax profits of International Westminster Bank, the international wholesale banking arm of National Westminster Bank, rose by 15.2 per cent to £87.5m in the year to end-December 1981.

The bank, which is a major force in the London-based Eurocurrency market, made attributable profits of £69m compared with £35.2m.

International Westminster Bank has six branches in France, two in Belgium and one in Germany. In the opinion of the directors the market value of its freehold properties exceeds the book value by approximately £3.6m. National Westminster Bank will announce its full 1981 results on February 23.

GLASS GLOVER

The one-for-five rights issue by Glass Glover has been taken up as to 96.37 per cent.

G. M. CALLENDER

The offer by Colas Products, a wholly-owned subsidiary of Shell UK, for George M. Callender and Co. has become unconditional.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Abercom, Ostgety, Elbief, Parfield Foundries, Joseph Webb.
Finals: Meldrum Investment Trust, Pentland Investment Trust.

FUTURE DATES

Interims:	
Anel Industries	Feb 17
Harrisons Malaysian Estates	Feb 24
Finals:	
Aquis Securities	Feb 23
Channel Islands and Int Invst. Trust	Feb 18
Hoover	Feb 24
Kode International	Mar 12
London and Lomond Invst Trust	Feb 17
Low and Bonar	Mar 22
Marchwiel	†Feb 24
Nottingham Manufacturing	Feb 22
Ventone	Feb 22
†Amended	

THE TRING HALL USM INDEX
117.6 (−0.2)
close of business 15/2/82
BASE DATE 10/11/80 100
Tel: 01-638 1591

LADBROKE INDEX
Close 563-568 (−4)

FULCRUM INVESTMENT TRUST LIMITED
Net asset value (unaudited) as at 31st January 1982
Income shares: 41.23p
Capital shares: 2.12p

LONDON TRADED OPTIONS

Feb. 15 Total Contracts 1,879. Calls 1,288. Puts 651.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	18	22	28	—	40	—	290p
BP (c)	300	8	28	17	—	27	1	"
BP (c)	330	3	2	6	—	18	—	"
BP (c)	360	2	—	4	26	—	—	"
BP (p)	280	11	68	15	27	22	—	"
BP (p)	300	25	38	—	1	35	—	"
BP (p)	360	66	25	88	—	—	—	"
[illegible] (c)	120	21	3	26	—	50	—	157p
[illegible] (c)	130	14	7	19	—	24	—	"
[illegible] (c)	140	9	65	14	51	18	—	"
Cons. Gld (c)	460	20	8	30	—	40	—	464p
[illegible] (c)	80	7	69	9	—	11½	—	80p
[illegible] (c)	800	47	2	75	—	87	—	828p
[illegible] (p)	850	24	15	46	40	67	—	"
[illegible] (p)	700	3	—	5	2	—	—	"
[illegible] (p)	800	18	2	27	25	37	—	"
[illegible] (p)	850	45	15	50	—	57	—	"
Grd Met. (c)	160	15	1	25	—	29	—	164p
Grd Met. (c)	200	4½	2	11	—	17	3	"
Grd Met. (p)	180	1½	8	11	—	15	—	"
Grd Met. (p)	200	18	1	20	8	22	—	"
[illegible] (c)	500	52	—	60	—	64	—	"
[illegible] (c)	330	26	25	37	5	42	2	350p
[illegible] (c)	360	10	29	20	—	29	6	"
[illegible] (c)	390	2	10	9	—	15	—	"
[illegible] (p)	300	0	11	18	20	24	—	"
[illegible] (p)	360	28	20	32	—	40	—	"
Land Sec. (c)	280	50	2	57	—	47	—	298p
Shell (c)	350	40	1	53	—	—	—	360p
Shell (c)	360	18	8	22	25	30	—	"
Shell (p)	390	40	85	42	—	45	—	"
Shell (p)	420	70	33	72	—	—	—	"
		February		**May**		**August**		
Barclays (c)	460	13	20	31	5	48	2	470p
Barclays (p)	460	5	—	17	13	20	—	"
Imperial (c)	60	21½	80	25½	—	27	1	81p
Imperial (c)	70	11½	80	16	7	18½	15	"
Imperial (c)	80	2	51	8	110	11	27	"
Imperial (p)	80	¾	—	4	110	6¼	132	"
Imperial (p)	90	8	—	8½	2	8¼	—	"
Imperial (p)	100	10	—	10	10	10	100	"
Lasmo (c)	560	8	—	20	5	54	—	558p
Lasmo (c)	390	1	—	13	8	28	—	"
Lonrho (c)	80	5	55	7	81	9	—	01p
Lonrho (c)	90	1	—	3	8	5	59	"
Lonrho (p)	90	1½	—	3	10	7	30	"
Lonrho (p)	80	11	18	15	4	15	—	"
Lonrho (p)	100	21	2	23	—	—	—	"
P & O (c)	110	24	5	29	—	—	—	133p
P & O (c)	125	14	2	20	—	27	—	"
P & O (c)	130	8	15	12	—	20	3	"
P & O (c)	140	8	55	8	—	15	1	"
Racal (c)	300	6	1	20	10	38	—	270p
Racal (c)	560	4	—	15	27	20	1	"
Racal (p)	380	20	7	29	51	57	5	"
RTZ (c)	390	53	—	77	1	87	—	437p
RTZ (c)	420	26	4	47	1	64	—	"
RTZ (c)	460	4	—	27	—	38	—	"
RTZ (c)	600	1	—	16	10	27	—	"
RTZ (p)	420	4	—	15	—	20	—	"
RTZ (p)	460	23	5	30	—	37	—	"
Vaal Rfs. (c)	55	4½	—	7½	—	10½	3	$58
Vaal Rfs. (c)	60	1¼	—	4½	1	6½	—	"
Vaal Rfs. (c)	70	½	—	2¼	—	4½	—	"
Vaal Rfs. (p)	55	1	—	3½	—	—	—	"
Vaal Rfs. (p)	60	3½	1	5¾	8	8½	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	5	8	—	—	—	—	$373.75
GOLD C	$400	5	0.60	—	—	4	8	"
GOLD C	$425	5	0.10	—	—	3	18.50	"
GOLD C	$450	—	—	5	4.50	—	—	"
GOLD C	$475	—	—	10	1.80	—	—	"
GOLD P	$375	6	8.60	12	14.50 B	15	20.50	"
GOLD P	$400	41	25	—	—	2	38	"
12½% NL 81 87-91								
C	F.102.50	—	—	4	5.80	—	—	F.107.20
C	F.107.50	—	—	1	1	54	1.50	"
C	F.110	—	—	—	—	200	0.50	"
10½% NL 80 86-95								
C	F.97.50	60	0.70	205	1.70	258	2.80	F.98
		April		July		Oct.		
AKZO C	F.25	15	2	4	3	—	—	F.26.30
AKZO C	F.27.50	160	0.60	26	1.20	19	1.50	"
AKZO C	F.30	268	0.30	20	1	20	1.10	"
AKZO P	F.27.50	25	1.90	2	1.70	—	—	"
AMRO C	F.50	14	1.30	—	—	—	—	F.47.60
KOOA C	$60	3	—	—	—	—	—	$59¼
HEIN C	F.60	5	2.50	—	—	—	—	F.61.10
HEIN P	F.60	—	—	—	—	2	3.40	"
HOOG P	F.17.50	—	—	2	1.90	—	—	F.15.60
IBM C	$60	5	3¼	—	—	—	—	$61
IBM P	$60	—	—	2	2	—	—	"
KLM C	F.90	14	4.30 A	—	—	—	—	F.97.50
KLM C	F.100	51	1.30	—	—	—	—	"
KLM C	F.110	26	0.30	31	1.90	—	—	"
KLM C	F.120	3	0.30	—	—	—	—	"
KLM P	F.80	7	1.50	—	—	—	—	"
KLM P	F.90	15	3.30 B	3	5.50 B	—	—	"
KLM P	F.100	—	—	8	13.50	—	—	"
NEDL C	F.130	30	3.40	51	4.20	—	—	F.125.40
NEDL C	F.140	4	0.90	22	1.80	—	—	"
NEDL P	F.130	36	8	12	15.70	—	—	"
NEDL P	F.140	5	15.50	—	—	—	—	"
NATN C	F.105	—	—	—	—	10	7.50	F.107.60
NATN C	F.110	20	1.10	—	—	—	—	"
PHIL C	F.20	24	3.80	7	4.10	—	—	F.23.40
PHIL C	F.22.50	91	1.60	152	2.10	4	2.40	"
PHIL C	F.25	21	0.50	65	1	38	1.40	"
PHIL P	F.25	100	0.20	53	0.20	—	—	"
PHIL P	F.22.50	36	0.40	—	—	5	0.90	"
RD C	F.80	127	5.60 B	8	4.60	15	8.50	F.90.70
RD C	F.90	53	0.70	87	1.60	—	—	"
RD C	F.100	10	0.20	—	—	—	—	"
RD P	F.80	133	2.30	11	4	—	—	"
RD P	F.90	4	9.80	—	—	—	—	"
UNIL C	F.140	5	17.70	—	—	—	—	F.157.10
UNIL C	F.150	10	8.80	—	—	—	—	"
UNIL C	F.160	13	2.80	—	—	—	—	"
		Feb.		May		Aug.		
BOEI P	$20	—	—	3	1¾	—	—	$19
SLUM C	$55	—	—	—	—	5	5¼	$48⅛
VW C	DM.130	14	18	—	—	—	—	DM.146.50
VW C	DM.140	4	8.50 B	14	12	—	—	"

TOTAL VOLUME IN CONTRACTS: 8985

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	Robert Fraser	14 %
Allied Irish Bank	14 %	Grindlays Bank	‡14 %
American Express Bk.	14 %	■ Guinness Mahon	14 %
Amro Bank	14 %	■ Hambros Bank	14 %
Henry Ansbacher	14 %	Heritable & Gen. Trust	14 %
Arbuthnot Latham	14 %	■ Hill Samuel	§14 %
Associates Cap. Corp.	14 %	C. Hoare & Co.	†14 %
Banco de Bilbao	14 %	Hongkong & Shanghai	14 %
BCCI	14 %	Knowsley & Co. Ltd.	14½%
Bank Hapoalim BM	14 %	Lloyds Bank	14 %
Bank Leumi (UK) plc	14 %	Mallinhall Limited	14 %
Bank of Cyprus	14 %	Edward Manson & Co.	15 %
Bank Street Sec. Ltd.	15½%	Midland Bank	14 %
Bank of N.S.W.	14 %	■ Samuel Montagu	14 %
Banque Belge Ltd.	14½%	■ Morgan Grenfell	14 %
Banque du Rhone et de la Tamise S.A.	14½%	National Westminster	14 %
Barclays Bank	14 %	Norwich General Trust	14 %
Beneficial Trust Ltd.	15 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Roxburghe Guarantee	14½%
Bristol & West Invest.	15 %	E. S. Schwab	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14½%	Standard Chartered	‖14 %
Canada Perm't Trust	14½%	Trade Dev. Bank	14 %
Castle Court Trust Ltd.	14½%	Trustee Savings Bank	14 %
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14 %
Cayzer Ltd.	14½%	United Bank of Kuwait	14 %
Cedar Holdings	14 %	Whiteaway Laidlaw	14½%
■ Charterhouse Japhet	14½%	Williams & Glyn's	14 %
Choulartons	14½%	Wintrust Secs. Ltd.	14 %
Citibank Savings	¶14 %	Yorkshire Bank	14 %
Clydesdale Bank	14 %		
C. E. Coates	14½%		
Consolidated Credits	14 %		
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E.T. Trust	14 %		
Exeter Trust Ltd.	15 %		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11.50%. 1-month 11.75%. Short term £8,000/12 month 14.10%.

† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12¼%, £50,000 and over 12¾%.

‡ Call deposits £1,000 and over 11½%.

‖ 21-day deposits over £1,000 13%.

§ Demand deposits 12%.

¶ Mortgage base rate.

RESULTS AND ACCOUNTS IN BRIEF

CLAVERHOUSE INVESTMENT TRUST—Results for year ended December 31 1981 reported January 13. Listed investments at cost, in GB £6.91m (£6.6m), unlisted £415,927 (£266,642). Current assets £242,242 (£342,778), current liabilities £444,102 (£427,179). Shareholders' funds £7.12m (£6.78m). Liquidity decreased £102,000 (£82,000 increase). Chairman believes that in current year, both earnings and assets will show further improvement. The proposal to change the company's name to "the Fleming Claverhouse Investment Trust" has been deferred for further consideration. Meeting, 8 Crosby Square, EC, March 1, 2.15 pm.

NORTH BRITISH STEEL GROUP (HOLDINGS)—Results for year to September 26 1981 reported December 12. Group fixed assets £5.16m (£5.17m); net current assets £1.96m (£1.65m). Share capital and reserves £5.86m (£5.43m), capital expenditure [illegible] £1.27m (£1.39m). Net increase [illegible] cash resources £588,000 (£949,000 [illegible]). Meeting, Bathgate, West [illegible], March 1, 11.45 am.

SCOTTISH EASTERN INVESTMENT TRUST—Net asset value at January 31, 1982, was 116.4p before prior charges [illegible].

SCOTTISH ONTARIO INVESTMENT COMPANY—Net asset value at January 31, 1982, was 110.0p before prior charges at par.

SECURITIES TRUST OF SCOTLAND—Net asset value at January 31, 1982, was 164.2p before prior charges at par.

DERBY TRUST (Investment trust)—Results for 1981 and prospects reported January 22. Total shareholders' interest £18.8m (£17.48m). Investments listed at market value—UK (cost £7.8m: 1980 £7.07m) £12.03m (£11.77m); overseas cost £3.58m: 1980 £4.11m) £5.62m (£5.33m). Unlisted at directors' valuation—UK (cost £244,771: 1980 £306,771) £579,673 (£521,093); overseas (cost £2.11m: 1980 £99,410) £1.98m (£90,339). Decrease in working capital £8,288 (£475,064 increase). Company's funds invested as to: UK 63.1 per cent, U.S. 18.8 per cent, Canada 3.9 per cent, Australia 3.9 per cent, Japan 7.4 per cent, and Hong Kong and S. E. Asia 2.9 per cent. Chairman says company's assets are well placed to produce favourable performance for both classes of shares in current year and decade lying ahead. Meeting: The Portman Hotel, W, March 11, noon.

Companies and Markets

BIDS AND DEALS

Geers Gross negotiates further U.S. acquisition

BY CARLA RAPOPORT

Geers Gross, the UK advertising group, has announced its third U.S. acquisition in four years and claims the move will place it among the top 25 advertising companies in the U.S.

Mr Robert Gross, chief executive, said yesterday that the group will pay not less than $2.1m (£1.1m) for two associated advertising groups based in New York, Kurtz and Tarlow and S. W. J. Graphics. The companies, formed in 1977, are wholly-owned by Mr D. Kurtz and Mr R. Tarlow. They reported billings of $30m for the year ended last December.

Geers Gross shares yesterday eased 2p to 112p.

If shareholders approve the deal, the enlarged group will have billings of over $200m world-wide, with $125m in the U.S. alone. Mr Gross said: "In America, some companies won't look at agencies with billings under $100m. This deal will help open the doors to the bigger clients."

The combined profit before tax of the U.S. groups for the year ended last December was $917,000. The purchase price will be paid in two parts: $1.5m initially and an amount not less than $0.6m which will be related to their profits performance in 1982.

The U.S. groups, which will be amalgamated with Geers Gross's other U.S. operations in the course of the next two years, will bring a client list which includes Ralph Lauren Cosmetics, Cuisinart and other brand names in package goods, drinks and services. Geers Gross acquired the Martin Landey Arlow group for $2.3m in 1980 and the Manoff agency for $3.5m in 1978.

Geers Gross, which has no net borrowings, says the purchase will be paid for out of cash flow and a medium-term credit facility from Barclays Bank. Mr Gross said that acquisition in the States was a "short-cut" to growth, but in the UK the group continues to expand organically.

He said earnings for 1981 were not likely to be significantly ahead those of 1980, when the group reported £1.1m in pre-tax profits on sales of £46m. However, he said, several clients were acquired in late 1981 and should aid the 1982 results.

A circular giving further details of the intended acquisition has been sent to shareholders together with a notice of an extraordinary general meeting for March 3.

Bell terms for ACC

THE TERMS of the £46.6m offer by the Bell Group, the master company of Mr Robert Holmes à Court, the Australian entrepreneur, for Associated Communications Corporation were revealed yesterday.

The offer, which is additional to the £36m offer announced last month, is described as offer number 2.

Offer number 2 by Bell is made in the following terms:

● The offers will be for all the ordinary share capital and "A" ordinary stock units that are not owned by Bell or that may become owned by Bell during the term of the offer. They will include those stock units owned by Bell's associate company, TVW Enterprises.

● The offer price will be £3.40 for each ordinary voting share and 85p for each "A" non-voting share.

● Each offer will be subject to Bell obtaining 50 per cent of the issued ordinary share capital including any such shares owned by Bell and acquired by Bell pursuant to offer number 1; 80 per cent of the issued ordinary share capital including any such shares owned by Bell and acquired by Bell pursuant to offer number 1; and 90 per cent of the issued "A" non-voting shares or any lesser percentages Bell may nominate.

● In all other respects offer number 2 will be made on the same terms and conditions as apply to offer number 1.

● Offer number 2 is subject to the appropriate consents of the panel on takeovers and mergers.

● Offer number 2 is distinct from the offers announced on January 14 1982 by Bell (offer number 1) and does not serve to vary or otherwise affect the terms, conditions and intent of offer number 1 as previously announced.

Bell intends to seek the necessary approvals from the Takeover Panel to allow offer number 1 to remain open for acceptances by shareholders during the currency of offer number 2 and for a reasonable time thereafter.

● Shareholders will be able to accept offer number 2 with the opportunity to elect that, if that offer does not become unconditional, they will either be able to accept offer number 1 or have their share certificates returned.

CCP receives surprise offer

A TAKEOVER bid may be on the way for CCP North Sea Associates, the North Sea exploration group, in which Cluff Oil has a 29.4 per cent holding, following a surprise approach yesterday lunchtime.

CCP—which is dealt in on the Unlisted Securities Market—called a halt to dealings in the shares yesterday ahead of news that it had received an approach "which may lead to an offer" for the company.

Mr Algy Cluff, managing director of CCP who is also chairman of Cluff Oil, yesterday denied that Cluff Oil had made the approach.

A company thought to be interested in CCP is Clyde Petroleum, the oil and gas exploration group. The company recently raised £28m by way of a rights issue and said that £10m would be spent on acquisition and development.

At yesterday's suspension price of 145p (down 3p) CCP is valued at £11.37m. Cluff closed 20p higher at 145p while Clyde fell 2p to 118p.

A further announcement is expected within a week.

Taxable profits of CCP in 1980 rose from £114,523 to £164,076. In the first half of 1981 profits amounted to £24,461 excluding any effect of the group's interest in the Buchan Field which came on stream on May 31.

Cartwright buys Evered offshoot for £380,000

THE directors of Evered and R. Cartwright (Holdings) announce that conditional agreement has been reached for Cartwright's subsidiary, Cartwright Lock and Pressings to purchase, with effect from March 22 1982, the fixed assets except land and buildings, and stock in trade of the locks and security systems business of Evered Security Products.

CLP has undertaken to offer alternative employment to a number of the employees of ESP and the agreement is conditional on the offers being accepted by sufficient members of management, staff and skilled workers as CLP considers necessary for the continued operation of the ESP business.

The purchase consideration, which will be settled in cash, on completion, is expected to amount to approximately £380,000, and will be based on the agreed valuation of the assets to be transferred in March.

The loss for the year ended December 1980 attributable to the assets being transferred was £94,735 and the book value of those assets at that date was £350,000. Management accounts for 1981 indicate improved operating results although the marked improvement in the first half of the year was not maintained in the second half. Increased costs and the reduced demand experienced following the raising of interest rates in September and October contributed to the lack of improvement.

The proceeds of the sale will be used to reduce the level of Evered's borrowing.

Cartwright proposes to integrate the manufacturing operations of ESP with its existing lock business of CLP.

Production will be transferred to CLP's new premises in Lichfield Road, Wednesfield.

Mr D. A. Richard, managing director of ESP, will become managing director of CLP and the name of the enlarged lock company will become Erebus.

The remaining members of the Board of CLP are Mr J. C. Northam and Mr R. L. Teare, the chairman and financial director respectively of Cartwright's and Mr G. R. Tuckley, the works director of CLP.

Full details of the transaction will be set out in a circular which will be sent to the shareholders of Evered in due course.

BRASWAY ACQUISITION

Brasway Acquisition has purchased for cash the capital of Crofts (1981), Bradbury Accurate Sawing and Bradbury Turned Parts (the group), trading in Wednesbury, as Bright Bar manufacturers.

The shares have been acquired substantially at net book values as at February 12 1982 and totalled approximately £275,000, 75 per cent of which was paid against the transfers of share certificates with the balance payable on final ascertainment of net book values by the independent reporting auditors.

On an annualised basis the group earned profits before tax of £48,457 in the year to September 30 1981.

Brasway eventually intends to combine the trading activities of the Croft group with its present Bright Bar manufacturing division at All Saints Road, Wednesbury. The directors think substantial benefits should accrue, as the amalgamation of the two manufacturing units on to one site will produce a significant increase in production while reducing fixed costs.

SETON GROUP

The Oldham based Seton Group, manufacturers of hospital equipment, has agreed to buy the assets of Fibre Formation, a manufacturer in Philadelphia of adult diapers, underpads and associated products for the incontinent patient.

A new company, Mark One Healthcare Products, is being formed.

GRANT BROS.

The offer by Jadepoint for Grant Bros has become unconditional. Acceptances have been received from 1.15m ordinary shares (85.42 per cent) and 180,000 preference shares (90 per cent). The offer remains open.

ESTATES & GENERAL

Estates and General Investments has, with effect from February 12, surrendered to the freeholder its leasehold interest in 51 Grosvenor Street, London W1, and the mews property at the rear, 14 Mount Row, for £1.3m.

The unexpired term of the lease on these period office buildings was 35 years, although the right to use 14 Mount Row as offices ran for only a further six years.

At the end of December 1981 E and G also surrendered its short leasehold interest in the adjoining premises, 50 Grosvenor Street, and 16 Mount Row for £500,000. These properties have a mixed use and the lease expires in 1988.

The consideration for these investment properties exceeded the book value as at December 31 1980 by approximately £1m (equivalent to 5.5p per ordinary stock unit).

UTD. NEWSPAPERS

United Newspapers' offers for Colonial Securities have become unconditional. The offers (other than the cash alternative) remain open.

SHARE STAKES

London and Strathclyde Trust—Imperial Life Assurance of Canada has bought 989,999 ordinary shares and now own 3,147,999 (21.86 per cent).

Hawley Group—Mrs W. H. Ashcroft has disposed of an interest in 310,000 ordinary shares.

Howard Machinery — Marlborough Securities has sold 805,000 shares, reducing holding to 1.14m (4 per cent).

Greencoat Properties—Scottish Northern Investment Trust has acquired 1.6m ordinary shares (5.03 per cent).

London and Montrose Investment Trust—Kuwait Investment Office has sold interest in 1,587,500 ordinary shares designated the Securities Management Trust "AA" account.

Wyndham Engineering — Abbey Line disposed of 26,500 shares (4.41 per cent), reducing holding to 83,500 (13.92 per cent).

IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

INTERIM PROFIT STATEMENT AND DECLARATION OF INTERIM DIVIDEND

The unaudited consolidated results of this Company's operations during the six months ended 31 December 1981 together with comparative figures are as follows:

	6 Months to 31.12.81 R000	6 Months to 31.12.80 R000	Year to 30.6.81 R000
Consolidated profit for the period	89,316	121,664	206,324
Less: Taxation and lease consideration	38,076	58,103	79,577
Profit for the period after taxation and lease consideration	51,240	63,561	126,747
Earnings per share (cents)	89	110	220
Dividends per share (cents)	25	35	110

Revenue was significantly affected by a reduction of sales of the Company's metals due to continuing weak industrial demand.

The full impact of reduced sales will, however, only be felt in the 6 months to 30 June 1982, and profits in the second half of the financial year are thus not expected to match those of the first half.

Consequently, the directors deem it prudent to reduce the interim dividend to 25 cents per share from the previous year's level of 35 cents. This will absorb R14,412,000 (1980: R20,178,000).

The production cut-back announced in November 1981 has been completed and the production rate is being kept under constant review.

Notes:

1. The profit for the period has been arrived at after accounting for the undermentioned items:
   (a) Interest paid — R2,770,000 (six months to 31 December 1980: R2,278,000).
   (b) Royalties payable to the Bafokeng Tribe and the Government of Bophuthatswana in terms of the cession to Impala Platinum Limited of its mining leases: R6,784,000 (six months to 31 December 1980: R10,652,000).
2. Provisions for taxation and lease consideration in respect of the six months' period ended 31 December 1981 are as follows:

	R000
Lease consideration	10,727
Bophuthatswana taxation	14,828
South African taxation	10,904
United Kingdom taxation	1,617
	38,076

3. Capital expenditure during the period under review amounted to R19,365,000 (1980: R22,764,000).

On behalf of the Board
E. PAVITT, MC — Chairman
R. C. BOVELL — Managing Director

DECLARATION OF INTERIM DIVIDEND

An interim dividend of 25 cents per share in respect of the half-year ended 31 December 1981 has been declared payable to members registered in the books of the Company on 5 March 1982. The register of members will be closed from 6 to 12 March 1982, inclusive. The dividend is declared in the currency of the Republic of South Africa. Payments from the London transfer office will be made net of Non-Resident Shareholders' tax in United Kingdom currency at the rate of exchange ruling on 23 March 1982 or on the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on or about 8 April 1982.

The full conditions of payment may be inspected at the offices of the transfer secretaries of the Company.

per pro. GENERAL MINING UNION CORPORATION (UK) LIMITED
London Secretaries
L. J. Baines

London Transfer Office:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL
15 February, 1982

London Office:
30 Ely Place
London EC1N 6UA

Gencor Group

Smallshaw sales on the increase

GROUP SALES for R. Smallshaw (Knitwear) for the first quarter are well ahead of last year, Mr R. Smallshaw, chairman, tells shareholders in his annual report. He says that this should help offset the squeeze on margins, but adds that it is too early to attempt a forecast of the full year's results.

The disappointing results for the last year, says Mr Smallshaw, can be attributed to depressed profit margins on business with chain stores. Pre-tax profits for the year for this manufacturer of knitted outerwear to September 30 1981 were down from £172,417 to £153,154, as reported on January 22.

Mill Hill Knitwear made a 15 per cent increase in sales, but pressure from the stores allowed only a small rise in prices, resulting in a 50 per cent reduction in profits. Mr Smallshaw hopes that demand in 1982 may allow more realistic prices to be obtained.

Castle Knitwear ended the year with a small profit after last year's losses. Demand for the more fashionable products continues to be uncertain and little improvement is expected in the short term. Sales to mail order companies have risen and further expansion should be possible in this sector.

The directors intend to change the financial year-end from September 30 to December 31. The interruption to production for stocktaking and audit at a time of peak demand creates problems. The end of the calendar year is more suitable as it coincides with the end of the autumn selling season. The company will issue a second interim statement for the six months to September 30 1982.

Fixed assets were shown ahead at £909,721 (£848,857). Net current assets were slightly higher at £797,348 (£787,558). Shareholders' funds were improved at £1.71m against £1.62m. The increase in working capital was £29,790 (£102,387).

Meeting, Hinckley, Leicestershire, March 10 at noon.

Atcost setback but signs of some improvement

PROFITS OF Atcost Holdings, the unquoted construction group, fell back over the 12 months to September 30, 1981, the pre-tax figure emerging at £365,275 compared with £735,165. Turnover for the period slipped slightly from £19.62m to £17.53m.

Mr Peter Down, the chairman, says that during 1981 the construction sector of industry suffered more than most and although he was pleased with the results in the circumstances, he points out that they were achieved at some cost in terms of closures and redundancies. He adds, however, that the group succeeded in broadening its market base.

He says that although 1982 will again be difficult and that further cutbacks will be necessary in some sections of the group, there are signs of a recovery in some important areas. Group order book currently stands at over £11.5m.

The pre-tax surplus for the year was struck after interest charges of £239,085 (£203,012) and depreciation of £380,206 (£335,785).

After taking in a deferred tax credit of £29,155 (£269,394) the after-tax profit came through £610,129 lower at £394,430. Extraordinary debits totalled £11,949 (£171,914), made up by closure costs of £201,130 (£171,914) and a surplus from disposals of freehold property totalling £189,181 (nil).

Group subsidiary, Atcost Projects, had another successful year securing many contracts, including one of almost £1m for composite structural frames and claddings at a redevelopment site at Paddock Wood, Kent, and another in excess of £1.5m for offices and factory premises at Denham, Buckinghamshire. The subsidiary's turnover for the year under review totalled £8m, compared with £5m previously.

The two manufacturing offshoots, Atcost Steel and Atcost Concrete, developed new techniques and operating methods which won them valuable orders, including one for concrete components from Iraq.

The contracts ranged from dry retaining wall systems for motorway and railway embankments to components for hydro-electric schemes. The latest was for £4m for the supply of special pre-cast concrete units for six new cooling towers at Drax B Power Station for the Central Electricity Generating Board.

Shareholders' funds at year-end totalled £2.49m (£1.24m). Fixed assets were £2.81m (£2.17m), net current assets £819,192 (£149,131) and long-term borrowings stood at £949,387 (£844,231).

32 companies wound-up

COMPULSORY winding up orders against 32 companies were made by Mr Justice Slade in the High Court. They were:

C and T Car Centre, Martronix Computer Systems, Brentford Foundries, Biddene, London Sackville Property Holdings, G. E. Preston and Co, Saincross and L. J. Welch (Plant Hire).

Leemax Engineering Company, Beecroft International, Colbrone Investments, Elonrose, Plakcroft LMBM (Scoop Bargains), Cabark, Measurite, Tiplock and Robinpine.

Spenford, Darlvale, Greetfield, Monro Garages, Fleet Control (UK), JMD Castlehill (Construction), Greene and Cloran Plasterers and Apalend.

Controlchoice, Tudor Auto Services, Nuwyn, Typehurst, Rothlake and Daneng Electronics.

A compulsory winding up order made on February 1 against Midfield was rescinded and the petition struck out on the grounds that the company's full name was Midfield Music.

MINING NEWS

Impala cuts interim as profits fall further

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Impala Platinum is cutting its interim dividend for the year to June 30 to 25 cents (13.7p) from 35 cents in 1980-81 when the final was raised by 10 cents to 75 cents.

Net profits for the latest half-year have fallen to R51.2m (£28.1m), equal to 89 cents per share, from R63.6m a year ago when the total reached R126.7m. The decision to cut the latest interim has been prompted by the expectation that earnings will fall further in the second half.

Impala points out that its revenue has been hit by a reduction of sales of platinum group metals as a result of the continuing weak industrial demand. It adds that the full impact of the reduced sales will be felt in the current six months to June 30.

Meanwhile, the production cutback—of between 10 and 15 per cent—announced in November has been completed. The company adds that the production rate is being kept under constant review.

In September of last year Impala still hoped to be able to maintain earnings in 1981-82 given an improvement in demand for platinum. But this hope has not been realised and, to make matters worse, the free market price of the metal has dropped further from $406 an ounce at that time to around $365 whereas Impala has continued to hold its selling price at $475.

The other major producer, Rustenburg Platinum, has done the same with the result that its customers have restricted their purchases to the contractual minima and significant amounts of the metal have been purchased on the free market.

In January of this year when the free market price was $378 the Rustenburg chairman, Mr Gordon Waddell, said there was no point in reducing the producer price because this would only lead to further weakness in the free market where sellers were more concerned at realising cash for investment elsewhere than in holding out for better prices.

He forecast that Rustenburg's earnings for the first half of the company's financial year to August 31 would be "severely lower" than those of the same period of last year. This view is now underlined by the latest comments on the scene from Impala.

Following the latest results Impala shares were lowered 6p to 314p yesterday. At this level they are discounting a sizeable reduction in the final dividend. Shares of UC Investments, a major holder of Impala, held at around 590p.

Botrest-RTMZ nickel deal

THE BOTSWANA copper-nickel operation of BCL, which is 85 per cent-owned by Botswana RST (Botrest), is to send 4,300 tonnes of nickel-copper matte a year to Rio Tinto Mining (Zimbabwe) for refining.

This mining cooperation agreement between Botswana and Zimbabwe is the first to be reached between two members of the nine-nation Southern African Development Coordination Conference. It is welcomed by both governments as an exercise in regional economic cooperation.

Refining of the material has already started and it will enable RTMZ to run its Eiffel Flats refinery, near Gatooma, at full capacity and reduce costs despite declining production at the group's Empress nickel-copper mine.

The deal will also help BCL which has been asked by its contractual refiner, America's Amax, to reduce matte shipments by 25 per cent this year.

Meanwhile RTMZ, in which London's Rio Tinto-Zinc has a beneficial interest of 56 per cent, announces that it made a loss in the final quarter of 1981 as a result of low metal prices and rising costs. As a result total net profits for the year have dropped to Z$1.39m (£1.04m) from Z$4.93m in 1980.

The dividend is cut to 3 cents (2.2p) on the 20.4m shares in issue from 16 cents a year ago when there were 16.4m shares.

The company's gold output was marginally higher and revenue from emerald sales was satisfactory. But the Empress nickel and copper-producing subsidiary suffered a loss of Z$1m as a result of lower output and weak metal prices. Its production is expected to improve this year as better grade ore becomes available.

RTMZ again expects to lose money in the current quarter, but in the second quarter a return to profits is anticipated as a result of the commissioning of the expanded Renco gold operation.

Losses grow at Zambia's RCM

A THIRD-QUARTER net loss of K21.3m (£12.7m) is reported by the Roan Consolidated Mines (RCM) copper group in Zambia. It makes a loss for the nine months to December 31 of K41.3m compared with a net profit of K24.4m in the same period of the previous year. No quarterly dividend is being declared.

Both production and sales of copper have fallen. Sales of copper for the latest nine months amount to 154,297 tonnes compared with 190,987 tonnes a year ago but cobalt sales have risen to 967 tonnes against 526 tonnes.

RCM's shipments have been badly affected by operational problems on the Tazara and Zambia railway systems—a backlog of copper worth some K70m was recently reported as being stranded between Chozi in Zambia and Mlimba in Tanzania—and there have also been handling difficulties at the port of Dar-es-Salaam.

The company's directors have approved the circular to be sent to shareholders in connection with the proposed merger of RCM and the other Zambian copper group, Nchanga Consolidated Copper Mines, into Zambia Consolidated Copper Mines.

Ni-Cal proven ore at Gasquet

VANCOUVER'S Ni-Cal Developments reports that an engineering study of its Gasquet Mountain open-pit laterite nickel project in Crescent City, California, has confirmed that the deposit contains sufficient ore reserves for a minimum of 18 years' production.

The study puts the proven reserves at 16m short tons with nickel grading 0.75 per cent and cobalt 0.071 per cent. In addition there are probable reserves of 346,000 tons and possible reserves of 7.24m tons.

Ni-Cal says that it is "moving confidently into the final phase leading to production" and does not expect any environmental problems. A 100 tons per day pilot plant is working which will establish final operating and capital cost figures.

Ni-Cal, though its U.S. subsidiary, California Nickel, plans a 4,000 tons' per day plant to produce nickel, cobalt, chromium, manganese and magnesium oxide from the Gasquet deposit.

ROUND-UP

The Glendell joint venture coal project in New South Wales of Renison Goldfields Consolidated and Dalgety Australia is expected to cost over A$300m (£176m). Start-up is scheduled for late 1983 and the mine should be operating at design capacity of 3.6m tonnes of raw coal a year by 1986.

* * *

The Burmese Government's annual gem auction for foreign buyers is to open today at the Inya Lake Hotel. Some 569 lots of gems, jade and pearls with a total floor price of $6.5m (£3.5m) will be offered.

Altogether 260 representatives of 182 jewellery firms from 15 countries are expected to attend the week-long emporium. The biggest team will be from Hong Kong.

Rennies Consolidated Holdings Ltd

(Incorporated in the Republic of South Africa)

Audited Preliminary Profit Statement

The audited consolidated results for the year ended 31 December 1981 are as follows:

	1981 R'000	% Change	1980 R'000
Revenue	353208	+50%	236248
Operating profit	47624	+62%	29396
Interest and lease finance costs	6272	+72%	3644
Profit before taxation	41352	+61%	25752
Taxation	14970	+63%	9186
Profit after taxation	26382	+59%	16566
Outside shareholders' interest and preference shareholders' dividends	2779	+83%	1516
Ordinary shareholders' earnings before non-trading profits	23603	+57%	15050
Non-trading profits	598		30
Available for appropriation	24201	+60%	15080
Fully paid shares in issue	22416498		22312998
Earnings per share:			
before non-trading items	105,7c	+57%	67,4c
after non-trading items	108,4c		67,6c
Dividends per share	51,0c	+55%	33,0c

Comments on Results

The slowdown in the economy, which was anticipated in the second half of 1981 did not materialise to any significant extent and the profits substantially exceeded the forecast made in the mid year interim statement. Earnings of 105,7c per share represent an increase of 57% and are the highest in the company's history.

All divisions performed extremely well and the higher level of operating profits more than compensated for the substantially increased interest charges. As borrowings and liquidity remain at satisfactory levels it has been decided to declare a final dividend of 34c per share making a total for the year of 51c as compared with 33c last year.

Current indications are that in 1982 further, but more moderate growth will be achieved.

As announced recently, an agreement has been reached in principle whereby the Mine Officials Pension Fund and the Mine Employees Pension Fund will acquire fifty per cent of Renhil Properties Limited, a subsidiary which owns nine South African Holiday Inn properties. The new shareholders will inject R30 m in cash into Renhil as their share of shareholders funds and will make available a loan facility of a further R33 m. Rennies will continue to own the other fifty per cent of Renhil and the additional funds are earmarked for new Holiday Inn developments.

During 1981 the triannual valuation of Group's properties was undertaken. This resulted in a surplus over book value of R19 m and shareholders funds have been increased by this amount.

The Group's annual report will be posted to shareholders towards the end of March 1982 and will deal with the results in detail as well as the prospects for 1982.

For and on behalf of the Board
C. W. Fiddian-Green
(Chairman and Chief Executive)
E. Steyn
(Deputy Chairman and Deputy Chief Executive)

Declaration of Final Dividend No. 26 in respect of the year ended 31 December 1981

Notice is hereby given that a final ordinary dividend of 34 cents per share has been declared payable to all ordinary shareholders registered in the books of the company at the close of business on 5 March 1982. Together with the interim dividend of 17 cents per share, this makes a total distribution for the year of 51 cents per share (1980: 33 cents).

The relative share transfer books and register of members will be closed from 6 March to 12 March 1982, both days inclusive. Dividend warrants will be posted on or about 6 April 1982, to members at their registered addresses.

Non-resident shareholders' tax will be deducted from the dividends to shareholders whose registered addresses are outside the Republic of South Africa.

By Order of the Board
M. Middleton
Secretary
15 February 1982

Registered Office:
14th floor
Rennie House
19 Ameshoff Street
Braamfontein
Johannesburg
2001

Transfer Secretaries:
Gold Fields of SA Ltd
75 Fox Street
Johannesburg
(P.O. Box 1167
Johannesburg
2000).

New Issue. All of these bonds having been sold, this announcement appears as a matter of record only. February 1982

FONDS DE RÉÉTABLISSEMENT DU CONSEIL DE L'EUROPE

The Council of Europe Resettlement Fund

for National Refugees and Over-Population in Europe

Fonds de Réétablissement du Conseil de l'Europe

pour les Réfugiés Nationaux et les Excédents de Population en Europe

Strasbourg/Paris

DM 150 000 000.–

10 % Bearer Bonds of the Loan of 1982 (88-92)

Berliner Handels- und Frankfurter Bank

Allgemeine Elsässische Bankgesellschaft
Bank für Gemeinwirtschaft Aktiengesellschaft
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Berliner Bank Aktiengesellschaft
Bankhaus Gebrüder Bethmann
Commerzbank Aktiengesellschaft
Richard Daus & Co., Bankiers
Delbrück & Co
Deutsche Bank Aktiengesellschaft
DG BANK Deutsche Genossenschaftsbank
Deutsche Girozentrale –Deutsche Kommunalbank–
Dresdner Bank Aktiengesellschaft
Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien
Hessische Landesbank –Girozentrale–
Bankhaus Hermann Lampe Kommanditgesellschaft
Landesbank Rheinland-Pfalz –Girozentrale–
Merck, Finck & Co.
B. Metzler seel. Sohn & Co.
Norddeutsche Landesbank Girozentrale
Sal. Oppenheim jr. & Cie.
Trinkaus & Burkhardt
Vereins- und Westbank Aktiengesellschaft
M. M. Warburg-Brinckmann, Wirtz & Co.
Westdeutsche Landesbank Girozentrale
Westfalenbank Aktiengesellschaft

Abu Dhabi Investment Company
Algemene Bank Nederland N.V.
Arab Banking Corporation (ABC)
Banca del Gottardo
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Crédit Commercial de France
Creditanstalt–Bankverein
Daiwa Europe Limited
Genossenschaftliche Zentralbank AG–Vienna
The Industrial Bank of Japan (Luxembourg) S.A.
Kredietbank International Group
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Pierson, Heldring & Pierson N.V.
Société Générale
Swiss Bank Corporation International Limited

Williams Lea going for more rapid expansion

WITH A strong financial base specialist printer Williams Lea Group plans to expand more rapidly through new developments and acquisition, says Mr D. L. Donne, chairman, in his annual statement.

The first quarter of the current year shows substantial improvement over the corresponding period last year and the directors are reasonably confident that the group will achieve increased results, he says.

As reported on December 17 1981, taxable profits jumped from £450,000 to £800,000 in the 52 weeks to September 27, on roughly maintained sales of £12.53m (£12.49m). Current cost adjustments reduced these profits to £563,000.

The good results of Williams Lea and Company, specialising in financial printing, were principally due to the success of its computer typesetting installation, which took three years to develop.

Multi-sets, with its business forms service, produced excellent results having added security stocking and distribution, security destruction and computer supplies to its services.

Dolphin experienced a tough year but in recent months trading has been more encouraging, with sales of self adhesive labels increasing. Williams Lea Offset continues to be successful, Mr Donne says, and WGL Creative Services is expanding.

The largest substantial shareholding in this close private company is that of Trustees of J. Graham Williams Settlement with 210,000 shares (37.15 per cent).

At the year end shareholders' funds stood at £3.48m (£3.27m) and fixed assets were valued at £2.59m (£2.62m). Current assets came to £4.7m (£4m) including short term deposits and bank balances of £320,895 (£17,676) and current liabilities to £3.11m (£2.86m) including bank overdrafts and loans of £151,663 (£579,887).

Downturn at Apex Properties

TAXABLE PROFITS of Apex Properties declined from £362,701 to £347,255 for the six months to September 30 1981.

The net interim dividend, however, is maintained at 0.7p per 10p share. Stated earnings per share fell from 1.62p to 1.55p. A final of 1.3p was paid last year out of pre-tax profits of £731,212.

First-half taxable surplus of this property investment and development company included interest receivable of £80,463 against £85,458. Tax took less at £180,572 (£188,604). Rents receivable totalled £578,742 (£548,146).

Slow start to year for Lookers

RESULTS OF Lookers, the motor vehicle distributor and engineer, have not been as good in the opening period of the current year as they were for the corresponding period.

This is partly due to December's bad weather and partly to the low market penetration of BL Cars in the three months following the pay and tea break strikes in November 1981.

However, Mr R. E. Tongue, chairman, says in his annual statement that in the past the second half of the year has always been more profitable, and he anticipates that this pattern will be maintained.

As reported on January 21, the group achieved increased pre-tax profits of £1.05m against £937,000 for the year to September 30 1981.

During the 12 months, margins on car sales were very low, reports Mr Tongue. This was because of the intense competition arising from the fact that all manufacturers had greater supplies than demand justified.

Peugeot franchises have been added to the group's Talbot franchises at Cox and Company (Leeds), Thornton Engineering Company at Bradford and Howdens of Harrogate. The Peugeot franchise has been relinquished at Preston and the premises used to expand the group's Fiat business.

Commercial vehicle business was reduced during 1980-81 and resulted in truck operations trading at a loss. To contain this, the truck business at Cox and Company in Leeds was closed and the premises sold. However, the group is continuing with the truck business at Thornton Engineering Trucks in Bradford in the belief that business will improve.

Mr Tongue says that results of group operations in the sale and servicing of agricultural machinery have, in the case of P. Platts and Sons, been most satisfactory, but Tipton and Morley, which operates in an area of smaller farms, has produced poor figures.

Planned Motoring (Lookers), engaged in leasing and contract hire activities, continues to make a satisfactory contribution to profits, he states.

At the balance sheet date, shareholders' funds stood at £8.63m (£8.1m); fixed assets totalled £10.11m (£8.68m) and net current assets fell from £1.87m to £1.11m. There was an increase in net liquid funds of £1.2m (£29,000 decrease).

Future capital expenditure contracted for but not provided for in financial statements amounts to £802,685 (£490,910), and that authorised but not contracted for totals £117,125 (£8,500).

The annual meeting of the company will be held in Manchester on March 10 at noon.

SPAIN

Feb 12	Price %	+ or −
Banco Bilbao	337	−3
Banco Central	360	−2
Banco Exterior	315	−8
Banco Hispano	320	−2
Banco Ind. Cat.	115	
Banco Santander	360	−1
Banco Urquijo	226	
Banco Vizcaya	382	−4
Banco Zaragoza	238	
Dragados	175	−5
Espanola Zinc	65	+1
Fecsa	62	−0.5
Gal. Preciados	44.5	−2.5
Hidrola	68.2	−0.8
Iberduero	51	
Petroleos	102	
Petrolibar	94	
Sogefisa	15	−1
Telefonica	73	
Union Elect.	65.2	−0.8

Ratcliffe still in loss

Virtually unchanged turnover of £782,439 against £786,166 and pre-tax losses of £83,350 compared with £89,866 are reported by F. S. Ratcliffe Industries for the six months to October 31 1981.

The interim dividend is again being passed. Last year the final payment was also omitted, when losses for the 12 months totalled £166,490 (£193,224 profit).

There was a first half tax credit of £27,674 (£45,750) and the loss per 25p share of this precision spring manufacturer and painting contractor rose from 6.55p to 7p.

Investors Capital Trust

Mr C. F. Sleigh, chairman of Investors Capital Trust, believes many of the companies in which his company holds shares will continue to show sales and earnings growth during the current year.

In his annual statement, he says capital growth may be harder to achieve but ICT has the portfolio and liquid resources to benefit from an upturn in general economic conditions.

For the year to November 30 1981, as reported on January 13, this Edinburgh-based investment trust suffered a fall in net revenue from £2.2m to £2.09m. The net asset value per share, however, climbed from 145.2p to 150.5p.

The Japanese portfolio, to which £1.5m was added to early in 1981, was the major positive factor underlying the performance of the fund as a whole, reports Mr Sleigh. Further benefits arose from the conspicuous strength of the yen and the U.S. dollar.

The relative weakness of energy related sectors in the UK and U.S. restricted the overall gain for the year.

Some £6m worth of UK equities were sold, mostly between April and June at relatively high prices.

Dividends totalled 3.15p (3.05p) and the directors are confident of maintaining the increased level of distribution for the current year.

Overseas investments accounted for 60 per cent of the portfolio at year end.

APPOINTMENTS

Sir Robert Clark joins Shell

SHELL TRANSPORT AND TRADING CO has appointed Sir Robert Clark a director from March 1. Sir Robert is chairman of the Hill Samuel Group. He has been a member of the court of directors of the Bank of England since 1976; his other appointments include chairmanship of IMI and directorships of BL and Eagle Star Insurance Company.

*

Mr M. D. Birchall will be retiring from the partnership of MULLENS & CO., Stockbrokers, on April 7. Mr T. O'Hanlon will be joining the partnership on April 8.

*

MEDICAL & SCIENTIFIC STRUCTURES, Sittingbourne, has appointed development director Mr Ray Botterell, general manager, retaining his seat on the board.

*

Mr Roy Summers has been appointed managing director of SCOTTISH & NEWCASTLE BEER PRODUCTION from March 1 in succession to Mr Michael Van Graisen who retires in April.

*

Mr T. D. Dingwall, at present managing director of BRITISH ALUMINIUM's fabricated products division, is appointed managing director of BA's chemicals division. Mr M. T. Davies, who is currently project director of BA's primary aluminium division, will succeed Mr Dingwall as managing director of the fabricated products division. Both appointments are from March 1.

*

Mr Richard Rees, financial controller of HEPWORTH (RETAIL), has been appointed financial director.

*

Mr Ken Goodwin has been appointed general manager of the CO-OPERATIVE WHOLESALE SOCIETY's housewares group—one of the Society's biggest trading groups. He was previously marketing manager of the non-food division.

*

Mr John C. Conacher has been appointed managing director of the HANOVIA GROUP of Companies following acquisition in December by Halma. Previously, he was commercial manager of the process systems division of Corning.

*

KENNETH FORBES (PLASTICS) has appointed Mr Bryan Broadbent as sales director.

*

Mr Denis M. Child, general manager of NATIONAL WESTMINSTER BANK's financial control division, and Mr Charles F. Green, general manager of business development division, have been appointed directors of the bank.

*

Mr Douglas Geddes, managing director of Denholm World Travel, has been elected chairman of the GUILD OF BUSINESS TRAVEL AGENTS for 1982-83. His vice chairman is Mr Anthony Good, chairman, Cox and Kings, who is also chairman of Good Relations Group. The new treasurer is Mr Peter Carey, director Lep Travel.

*

Mr Tim Rees has joined RTZ COMPUTER SERVICES as training consultant for the financial software packages FASCIA and GL Plus. He was previously chief accountant at Rockware Plastics (Reading).

*

Mr John Fowler has been appointed marketing director for the UK and Republic of Ireland, by SPERRY NEW HOLLAND. He takes over from Mr Derrick Smith who becomes general manager for manufacturing operations and will be responsible for running down and closing the UK manufacturing operations.

*

Mr George Bogle, chairman of the Advertising Standards Board of Finance, joined the board of LONDON BROADCASTING COMPANY and Solkirk Communications.

*

Mr C. F. A. "Jimmy" Green has been appointed to the board of SPP GROUP, a Booker McConnell company. He joined Sigmund Pulsometer Pumps in 1973 as marketing director, became managing director of SPP International in 1978 and, the same year, was appointed president of SPP Inc, Maryland, U.S.

*

At SONY BROADCAST, Basingstoke, Mr David Lambert has been promoted from general manager sales to sales director. Mr Tony O'Connell becomes regional sales manager, Western Europe. Mr Roger Peat is promoted to senior manager, accounts and finance in addition to his existing position as company secretary; Mr Yoshinori Hiro Shige to senior manager, administration and Mr Shin Hara to senior product manager.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

CURRENCIES, MONEY and GOLD

Dollar firm

The dollar rose sharply in currency markets yesterday following Friday's unexpected rise in U.S. money supply. However it finished well below its best level as trading in the afternoon thinned out with some profit taking accounting for the decline. There was also uncertainty as to how central banks would react to the dollar's rise and with New York closed for a holiday, the Federal Reserve Board's intentions remained unclear for the moment.

Sterling showed considerable resilience to the rise in Euro-dollar rates and although it lost ground to the dollar it was mostly firmer against European currencies.

The French franc was firmer within the European Monetary System yesterday and remained the strongest member while the Danish krone and Italian lira both eased a little. The Belgian franc was again the weakest currency although it remained within its divergence limit.

DOLLAR — Trade weighted index (Bank of England) 113.4 against 112.7 on Friday and 113.7 six months ago. Three-month Treasury bills 14.13 per cent (15.38 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month)—The dollar closed at DM 2.3950 against the D-mark, down from its best level of DM 2.4090 but up from Friday's close of DM 2.3850. Similarly against the Swiss franc it rose to SwFr 1.9300 but came back to close at SwFr 1.9200 compared with SwFr 1.9125 on Friday. The dollar closed at Y240.75 against the yen compared with Y238.25.

STERLING—Trade weighted index 91.7 against 91.4 at noon, 91.5 in the morning and at Friday's close and 90.9 six months ago. Three month interbank 14¼ per cent (14 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8265 against the dollar traded around $1.83 for much of the day. A late quotation put sterling at $1.8400 but it closed at $1.8365-1.8385, a fall of 25 points from Friday's close in London. Against the D-mark it rose to DM 4.40 from DM 4.39 and SwFr 3.5275 from SwFr 3.5200 against the Swiss franc. It was also higher against the French franc at FFr 11.1575 from FFr 11.1125.

D-MARK — EMS member (third weakest). Trade weighted Friday and 115.1 six months ago. Three-month interbank 10.25 per cent (12.975 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—The dollar rose sharply against the D-mark at the fixing in Frankfurt to its best level since September last year and there was no intervention by the Bundesbank. The U.S. unit was fixed at DM 2.4004 from DM 2.3840, bolstered by a rise in Euro-dollar rates following Friday's U.S. money supply figures which showed a further rise. Elsewhere sterling rose to DM 4.3870 from DM 4.3790 and the Swiss franc to DM 1.2485 from DM 1.2465. Within the EMS the French franc improved to DM 39.42 per FFr 100 from DM 39.4150.

FRENCH FRANC — EMS member (strongest). Trade weighted index 79.6 against 79.7 on Friday and 80.9 six months ago. Three-month interbank 14¾ per cent (17⅝ per cent six months ago). Annual inflation 14 per cent (14.3 per cent previous month)—The French franc was mostly firmer in Paris yesterday despite a further reduction in short term interest rates. While the dollar rose to FFr 6.0835 from FFr 6.0500, the D-mark fell to FFr 2.5358 from FFr 2.5365 and the Dutch guildor to Fr 2.3148 from FFr 2.3162.

THE POUND SPOT AND FORWARD

Feb 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8250-1.8400	1.8365-1.8385	0.30-0.40c dis	−2.28	0.93-1.03dis	−2.13
Canada	2.2220-2.2390	2.2350-2.2370	0.20-0.30c dis	−1.34	0.95-0.80dis	−1.30
Nethlnd.	4.80-4.84	4.82½-4.83½	1⅞-1⅛c pm	4.04	5-4⅞ pm	3.94
Belgium	74.60-75.10	74.90-75.00	18-38c dis	−4.48	70-90 dis	−4.27
Denmark	14.35-14.39	14.37-14.38	1¼-2¼ore dis	−1.46	5¾-6⅞ dis	−1.78
Ireland	1.2440-1.2510	1.2480-1.2500	0.34-0.45p dis	−3.80	1.17-1.35dis	−4.04
W. Ger.	4.39-4.41	4.39½-4.40½	1⅝-1¼pf pm	3.75	4⅝-4⅞ pm	4.20
Portugal	127.50-128.75	128.00-128.30	45-165c dis	−9.83	165-410 dis	−8.92
Spain	184.75-186.25	185.85-186.05	5c pm-20 dis	−0.48	80-110 dis	−2.04
Italy	2,337-2,350	2,348-2,350	10½-13½lire dis	−6.09	39-41 dis	−6.73
Norway	10.98-11.03	11.07-11.03	2⅝-1⅜ore pm	1.97	2-1 pm	0.54
France	11.12-11.16½	11.15½-11.16½	⅜-1⅛c dis	−0.67	2-3 dis	−0.89
Sweden	10.63-10.70	10.68½-10.69½	¼ore pm-½ dis	—	2½-2 pm	0.87
Japan	437-445	442-443	2.90-2.60y pm	7.46	8.30-8.00 pm	7.82
Austria	30.75-30.95	30.88-30.93	15¾-13gro pm	5.63	42-35 pm	4.98
Switz.	3.50½-3.53½	3.52½-3.53½	2-1½c pm	5.95	5⅞-4⅞ pm	5.51

Belgian rate is for convertible francs. Financial franc 83.00-83.10. Six-month forward dollar 1.75-1.85c dis. 12-month 3.10-3.30c dis.

February 12 Canada 2.2220-2.2470 (spread)

THE DOLLAR SPOT AND FORWARD

Feb 15	Day's spread	close	One month	% p.a.	Three months	% p.a.
UK†	1.8250-1.8400	1.8365-1.8385	0.30-0.40c dis	−2.28	0.93-1.03dis	−2.13
Ireland†	1.4640-1.4700	1.4670-1.4690	0.25-0.15c pm	1.64	0.77-0.62 pm	1.89
Canada	1.2165-1.2174	1.2171-1.2174	0.12-0.09c pm	1.03	0.27-0.23 pm	0.82
Nethlnd.	2.6250-2.6340	2.6250-2.6280	1.35-1.25c pm	5.94	4.08-3.98 pm	6.16
Belgium	40.60-40.95	40.80-40.82	1-5c dis	−0.88	16-21 dis	−1.81
Denmark	7.8300-7.8550	7.8300-7.8400	0.65-0.50ore pm	0.88	1.10-0.70 pm	0.46
W. Ger.	2.3930-2.4090	2.3945-2.3955	1.20-1.15pf pm	5.89	3.75-3.70 pm	6.22
Portugal	69.70-70.40	69.70-69.90	15-75c dis	−7.74	50-185 dis	−6.72
Spain	101.15-101.40	101.30-101.36	15-5c pm	1.18	10 pm-5 dis	0.70
Italy	1,275-1,281	1,275-1,277	3½-4½lire dis	−3.63	14-15 dis	−4.52
Norway	6.0100-6.0170	6.0100-6.0150	2.20-2.00ore pm	4.19	4.10-3.80 pm	2.63
France	6.0650-6.1000	6.0725-6.0775	1.15-0.95c pm	2.07	2.30-2.00 pm	1.41
Sweden	5.8175-5.8240	5.8190-5.8240	1.25-1.10ore pm	2.42	4.80-4.65 pm	3.25
Japan	239.90-241.70	240.70-240.90	2.05-1.90y pm	9.84	6.10-5.95 pm	10.01
Austria	16.83-16.86	16.84-16.85	11⅞-10¾gro pm	7.67	31½-28½ pm	7.19
Switz.	1.9150-1.9300	1.9195-1.9205	1.35-1.25c pm	8.12	3.88-3.78 pm	7.98

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 16	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.7	Unavai'ble
U.S. dollar	113.4	"
Canadian dollar	88.3	"
Austrian schilling	110.4	"
Belgian franc	103.8	"
Danish kroner	[illegible]	"
Deutsche mark	[illegible]	"
Swiss franc	[illegible]	"
Guilder	[illegible]	"
French franc	[illegible]	"
Lira	[illegible]	"
Yen	[illegible]	"

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.615749	0.558[illegible]
U.S. $	12	1.12850	1.02[illegible]
Canadian $	14.87	1.36831	1.24[illegible]
Austria Sch.	6¾	18.8471	17.1851
Belgian F.	14	45.8510	41.7182
Danish Kr.	[illegible]	[illegible]	[illegible]
D mark	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn. Kr.	[illegible]	[illegible]	[illegible]
Spanish Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch.	20½	[illegible]	[illegible]

OTHER CURRENCIES

Feb. 15	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	110.57-115.38	61.65-61.70	Germany	[illegible]
Hong Kong Dollar	10.86-10.87½	5.9200-5.9650	Italy	2335-2380
Iran Rial	149.75*	81.60*	Japan	441-448
Kuwait Dinar (KD)	0.518-0.524	0.2857-0.2859	Netherlands	4.79½-4.88½
Luxembourg Fr.	74.90-75.00	40.80-40.82	Norway	10.96-11.06
Malaysia Dollar	4.2815-4.2915	2.3240-2.3360	Portugal	124-130½
New Zealand Dlr.	2.0225-2.3265	1.2885-1.2090	Spain	183½-193½
Saudi Arab. Riyal	6.61-6.27	0.4195-3.4215	Sweden	10.61-10.71
Singapore Dollar	3.9052-3.9120	2.1280-2.1300	Switzerland	3.50¼-3.54¼
Sth. African Rand	1.8116-1.8126	0.9860-0.9865	United States	1.82-1.84
U.A.E. Dirham	6.68-6.74	0.0715-3.6735	Yugoslavia	08-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.7394	+2.41	+1.25	±1.5368
Danish Krone	7.91117	6.02186	+1.40	+0.24	±1.6412
German D-Mark	2.40989	2.45132	+1.72	+0.56	±1.1077
French Franc	0.17443	6.21544	+0.66	−0.50	±1.3733
Dutch Guilder	2.66382	2.68639	+0.85	−0.31	±1.5063
Irish Punt	0.684452	0.696533	+1.77	+0.61	±1.6688
Italian Lira	1300.67	1307.42	+0.52	+0.21	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 15 .... 0.558788

EXCHANGE CROSS RATES

Feb. 10	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.838	4.400	442.5	11.168	3.528	4.828	2349.	2.230	74.95
U.S. Dollar	0.544	1.	2.395	240.6	6.072	1.920	2.627	1278.	1.217	40.79
Deutschemark	0.227	0.416	1.	100.6	2.336	0.802	1.097	533.9	0.508	17.03
Japanese Yen 1,000	2.260	4.153	9.944	1000.	25.21	7.976	10.91	5308.	5.055	169.4
French Franc 10	0.896	1.647	3.944	396.6	10.	3.162	4.327	2105.	2.004	67.17
Swiss Franc	0.283	0.561	1.247	125.4	3.163	1.	1.369	665.9	0.634	21.26
Dutch Guilder	0.207	0.381	0.911	91.66	2.311	0.731	1.	486.6	0.463	15.53
Italian Lira 1,000	0.466	0.782	1.873	188.4	4.750	1.502	2.050	1000.	0.952	31.61
Canadian Dollar	0.447	0.822	1.968	197.9	4.990	1.578	2.159	1051.	1.	33.52
Belgian Franc 100	1.334	2.452	0.871	590.4	14.89	4.706	6.441	3134.	2.983	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 3/4	offer 16 7/8	bid 10 3/4	offer 10 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14¼-14¾	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

MONEY MARKETS

London rates firm

London clearing bank base lending rates 14 per cent (since January 25)

Interest rates rose by up to ¼ per cent in London interbank trading yesterday, reflecting continued worries about U.S. interest rates following another set of disappointing money supply figures.

Day-to-day credit was in short supply in the money market and the Bank of England gave assistance by buying £475m bills. This morning forecast pointed to a shortage of £500m, but in the afternoon this was revised to £400m. The major factors were: bills maturing in official hands and a net take-up of Treasury bills −£50m, and Exchequer transactions of −£50m, partly offset by a fall in the note circulation of +£95m.

All the help was provided in the morning when the authorities bought £77m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent; £197m bank bills in band 2 (15-33 days) at 13⅞ per cent; £1m Treasury bills in band 3 (34-63 days) at 13⅞ per cent; £186m bank bills in band 3 at 13⅞ per cent; £57m Treasury bills in band 4 (64-91 days) at 13⅞ per cent; and £25m local authority bills in band 4 at 13⅞ per cent.

Overnight interbank money opened at 14¼-14⅜ per cent, and touched a peak of 14¼-14⅜ per cent, before easing to 14-14¼ per cent after the help from the Bank of England, and falling sharply to 8 per cent at the close.

Seven-days funds were slightly firmer at 14⅛-14¼ per cent, against 14⅛-14⅜ per cent, while three-month and six-month money rose to 14⅛-14¼ per cent from 14⅛-14¼ per cent.

In Paris call money fell for the fifth consecutive trading day, to the lowest level since May last year. It was quoted at 14⅜ per cent yesterday, compared with 14¾ per cent on Friday.

In Frankfurt call money was unchanged at 10.05 per cent, but conditions are expected to tighten later this week as tax payments are made. This led to a slightly higher demand for funds yesterday as banks built up reserve asset holdings ahead of the anticipated rise in rates. Special Lombard borrowing rose to DM 3.5bn on Friday from DM 3bn.

In Tokyo call money firmed slightly to 6.65625 per cent from 6.59375 per cent as corporate tax payments were made to the Exchequer. Ample liquidity is expected to lead to falling rates later this week however, unless the Bank of Japan intervenes to push rates up as a protection for the yen against the dollar.

GOLD

Weaker trend

Gold finished $3½ an ounce lower than Friday's close in the London bullion market yesterday at $375-376. Trading was very quiet and featureless and the metal traded within a narrow band of $374¼-376¼.

In Paris the 12½ kilo bar was fixed at FFr 73,500 per kilo ($376.50 per ounce) in the afternoon compared with FFr 73,000 ($372.82) in the morning and FFr 73,000 ($375.29) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,100 per kilo ($377.03 per ounce) against DM 29,220 ($381.97) previously and closed at $375-376 from $377-378.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $377.50.

In Zurich gold finished at $374-377 compared with $376-379.

	Feb. 15		Feb. 12	
Gold Bullion (fine ounce)				
Close	$375-376	(£204¼-204¾)	$378½-379¼	(£203¾-206¾)
Opening	$376-376½	(£204½-205)	$378-379	[illegible]
Morning fixing	$375.55	(£205.106)	$370	[illegible]
Afternoon fixing	$375.25	(£204,966)	$377.50	(£205,442)
Gold Coins				
Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
1/2 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
1/4 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
1/10 Krugerrand	[illegible]	[illegible]	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
King Sovereigns	[illegible]	[illegible]	[illegible]	[illegible]
Victoria Sovs.	[illegible]	[illegible]	[illegible]	[illegible]
French 20s	[illegible]	[illegible]	[illegible]	[illegible]
50 pesos Mexico	[illegible]	[illegible]	[illegible]	[illegible]
100 Cor. Austria	[illegible]	[illegible]	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]	[illegible]	[illegible]

MONEY RATES

NEW YORK
Prime rate 16½
Fed funds .... [illegible]
Treasury bills (13-week) 14.13
Treasury bills (26-week) 13.98

GERMANY
Special Lombard 10.00
Overnight rate 10.05
One month .... [illegible]
Three months 10.30
Six months 10.30

FRANCE
Intervention rate 14.25
Overnight rate 14.375
One month .... [illegible]
Three months .... [illegible]
Six months 14.25

JAPAN
Discount rate 5.50
Call (unconditional) 6.65625
Bill discount (three-month) 6.59375

LONDON MONEY RATES

Feb. 15 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-14¼	14¼-14¾	[illegible]	[illegible]	14¼-14¾	13-14¼	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. [illegible]

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from February 1, 1982. [illegible]

Italian Treasury to raise $510m through ECU issue

BY DUNCAN CAMPBELL-SMITH

A NEW bond issue denominated in European currency units (ECUs) is not the stuff that bond traders dreams are made of. Yesterdays announcement of a 500m ECUs ($510m) bond on behalf of the Italian Treasury was certainly not enough to quicken the pulse of a lethargic market deprived of any lead from the U.S., where the market was closed for George Washingtons birthday.

The new bond has significance, though, as the first ECU-denominated issue by an EEC member government. Invitation telexes to the managers yesterday indicated a par price with a 14 per cent annual coupon. The bearer bonds will have a 1,000 ECUs nominal value and mature in 1989. Lead manager is Kredietbank in Brussels.

Elsewhere in the primary market, unofficial trading of the Continental Illinois $100m bond attracted interest. The triple-A rated bank issue came with a 15½ per cent coupon—which few other kinds of borrower could have done last week—as the result of a pre-priced deal. Its price in the so-called grey market was offering a yield around 16½ per cent.

The presence of several U.S. borrowers in the market reflects the continuing price advantage the Euromarket is enjoying against Wall Street—an advantage only partly offset by higher management fees.

In the secondary market, gloom over Friday's $2.2bn increase in the U.S. M-1 money supply knocked ¼-½ off dollar prices in very light trading.

In the Deutschemark sector, prices drifted off slightly. A scheduled DM 200m issue for the EEC did not appear and is now expected today. Deutsche Bank brought a convertible DM 30m issue with an indicated 7 per cent coupon for Nippon Sheet Glass.

● Orion Royal Bank confirmed that some management changes are pending in its Eurobond department. Mr Michael Webber, who left Orion a couple of years ago for Morgan Grenfell, is to return as executive director in charge of primary market operations. Another director in the department, Mr Michael Ross, is to take charge of North American marketing.

Genstar result hit by U.S. operations

By Robert Gibbens in Montreal

GENSTAR, the big Canadian-based financial services, real estate development and construction materials group, blames its extensive U.S. operations for a fall in earnings last year.

The company, in which Societe Generale, the Belgian group, holds a major interest, has moved heavily into U.S. property development in the past five years. Last year it also won control of the Canada Permanent Group, the third largest trust company in Canada, in a spectacular takeover contract with the Berg brothers of Vancouver and Toronto.

Genstar's profits for the whole of 1981 were C$109.5m (U.S.$99.5m), or C$2.92 a share, compared with C$153.7m or C$4.77 in 1980, on revenues of C$2.1bn against C$2.3bn previously. Fourth-quarter earnings were C$36.3m or C$1.02 a share, against C$56.2m or C$1.76 a share in 1980, on revenues of C$539m against C$716m previously.

Losses were shown on building materials, home building, and real estate financing in the U.S.

A significant recovery overall is not expected until the North American economy improves and interest rates decline, Genstar said.

Difficult conditions will continue at least through the first half of 1982, with a modest improvement expected in the third quarter.

● Power Corporation of Canada, the financial services, resources and industrial products group, reports net operating profits down from C$104.1m or C$4.05 a share to C$87.7m or C$3.41 a share for 1981. Excluded are special gains of C$10.8m for 1981 against C$16.8m. Fourth-quarter profits were C$21.1m against C$29.1m previously.

Nordic Bank edges ahead

BY WILLIAM HALL, BANKING CORRESPONDENT

NORDIC BANK, the largest of the London consortium banks, increased its pre-tax profits in the year ending December 31 1981 by 3.5 per cent to £12.4m (£22.8m).

Nordfinanz-Bank, Zurich, the 60 per cent-owned subsidiary which accounts for around a third of group assets, increased its contribution to group profits. It was particularly successful in developing its role as a manager and of bond issues and private placements in the Swiss market.

The group's sluggish performance partly reflects higher loan loss provisions made in recognition of the difficulties facing some borrowers as a result of high interest rates. The group says that it has about 16 per cent of its loans out to shipping companies and these are the cause of some of the loan loss provisions.

The group's balance sheet grew by 35 per cent to £1.94bn last year. Capital employed rose 34 per cent to £184.3m.

A tough year for U.S. corporate profits

David Lascelles in New York reports on how corporate sectors fared in the U.S. in 1981—the first year of the Reagan administration—and outlines prospects for the current year

THE REAGAN Administration came into office vowing to get U.S. business going again. But during its first year, corporate profits suffered their worst fall since the 1974-75 recession.

To be fair, Reaganomics was not in full swing for much of 1981. But the profit outlook for this year is not specially bright either, which is one reason why the U.S. stock market has recently been bumping along close to a two-year low.

Official figures on 1981 profits have yet to be compiled. But estimates by Wall Street analysts put the decline at anything from 10-15 per cent. Exceptions to the downturn were few and far between: even the oil companies and the once-glamorous high technology business suffered.

The main reason of course was the weakness of the economy. Although 1981 started on an upbeat, the record level of interest rates in the first half quickly put a brake on growth, and the economy started sliding into recession in July, ending one of the shortest recoveries on record. Some industries, like cars and housing never really recovered at all, and have been in continuous for more than two years.

But recession did not bring down interest rates as quickly as people hoped. The prime rate was in the 17-21 per cent range until late November, when it came down to 15¾ per cent. There it stuck, however, as worries about the Federal budget deficit gripped the financial markets. Retail demand tailed off, and though the Christmas season was quite good, the severe winter put a dampener on sales.

Exports were sluggish and, although the U.S. depends relatively little on foreign sales, its exposure to world markets is growing, particularly among the large corporations who account for a big chunk of total corporate profits. The European recession hit the manufacturing, engineering and chemical industries. The weakness of world oil markets added to the problems the oil majors were already having on the domestic market, where product sales are down. The strength of the dollar also blunted the competitive edge of the U.S., a familiar problem to UK exporters.

Accounting and tax technicalities also took a toll. Foreign currency translation losses were reported by many multinationals—though this problem should be eased with a new accounting rule, FAS 52, which allows them to feed the impact of currency fluctuations past the profit and loss statement; and straight into the balance sheet.

The Reagan Administration's accelerated depreciation allowances also enabled companies to write off investment outlays at a faster rate, but at the cost of lopping a bit off profit. Weaker companies, though, were able to bolster their earnings by selling tax credits to more prosperous companies. This was worth millions of dollars to loss-makers like Ford, Chrysler and International Harvester.

Interest-sensitive industries continued to be most vulnerable. None of the major car makers in Detroit made an operating profit—though General Motors made some special gains which pushed it into the black and enabled it to hold its dividend, something Ford, with losses of over $1bn, was not able to do.

The impact fed through to suppliers of commodities and components.

Steel had a troubled year which ended with yet another series of anti-dumping cases and a near-record level of imports. Raw steel production, at 119.9m tons, was slightly better than 1980's 111.8m, but by the fourth quarter the slump in the economy had taken almost half the industry's steelmaking capacity out of service.

Similar conditions applied in the aluminium industry, with the added problem that American companies with big European interests suffered even more. Alcoa came in with net profits of $296m, down from over $469m in 1980.

The construction industry was also in poor shape. And profits were weak throughout the building materials industry.

In the transport business, the airlines had a dreadful year which almost pushed two large carriers — Pan Am and Braniff—to the brink. With both business and holiday travel off sharply, the airlines threw themselves into a costly fare war which pushed the industry $300m into the red, according to estimates by its trade association.

Railroads on the other hand provided one of the few bright spots, thanks to a boom in freight haulage, mainly coal, and greatly improved tax allowances enacted by the new administration. In the first nine months, total earnings were already up by 150 per cent though they cooled off a bit in the final quarter.

The finance industry was buffeted by high interest rates, although the commercial banks managed to offset a steep earnings decline in the first nine months with a strong final quarter as interest rates came down. Stockbrokers did badly as trading volume on the financial and commodity markets slumped, and the insurance industry continued to languish at a low point in its cycle.

Fierce competition in the high technology business hit profits in the electronic components industry. Data processing results were mixed, as were those in the office equipment business where the onslaught of foreign competition is being increasingly felt.

The profit outlook for 1982 depends on when the recovery materialises. The most optimistic forecasts are for a pick up in the second quarter, but most people expect only a weak rebound sometime in the second half of the year. Some pessimists even doubt that the turnround will come until next year.

The key to the recovery is a decline in interest rates, which is unlikely until the current crisis over the Reagan administration's budget deficit is resolved.

The encouraging news is that the recovery, when it comes, could produce a sharp rebound in profits. The traumas of the last two years have forced companies to take drastic action to improve their performance: corporate restructuring, cost-cutting, lay-offs—all have contributed to painful though necessary remedies.

NORTH AMERICAN QUARTERLIES

AMALGAMATED SUGAR

	1981 $	1980 $
Fourth quarter		
Revenue	72.86m	108.9m
Net profits	9.86m	6.82m
Net per share	3.44	2.88
Year		
Revenue	354.2m	357.7m
Net profits	33.14m	17.77m
Net per share	16.37	8.78

AMERICAN MAIZE PRODUCTS

	1981 $	1980 $
Fourth quarter		
Revenue	101.3m	105.2m
Net profits	3.94m	3.05m
Net per share	0.76	0.59
Year		
Revenue	423.2m	413.7m
Net profits	12.21m	10.71m
Net per share	2.35	1.98

ANDERSON CLAYTON

	1981-82 $	1980-81 $
Second quarter		
Revenue	488.8m	551.5m
Net profits	25.14m	14.15m
Net per share	2.04	1.11
Six months		
Revenue	946.1m	951.2m
Net profits	38.98m	19.32m
Net per share	3.15	1.51

BANGOR PUNTA

	1981 $	1980 $
First quarter		
Revenue	196.5m	198.1m
Net profits	9.12m	9.3m
Net per share	1.13	1.28

BROWN & SHARPE MFG.

	1981 $	1980 $
Fourth quarter		
Revenue	40.7m	64.3m
Net profits	11.84m	4.38m
Net per share	†0.59	†1.41
Year		
Revenue	206.4m	227.5m
Net profits	6.04m	13.65m
Net per share	1.93	4.52

† Loss

CANADIAN OCCIDENTAL PETRLMN.

	1981 C$	1980 C$
Fourth quarter		
Revenue	54.6m	52.2m
Net profits	9.77m	5.84m
Net per share	0.40	0.25
Year		
Revenue	201.8m	190.1m
Net profits	30.04m	30.32m
Net per share	1.35	1.34

CENTEX

	1981-82 $	1980-81 $
Third quarter		
Revenue	249.7m	265.2m
Net profits	6.59m	8.24m
Net per share	0.50	0.69
Nine months		
Revenue	808.4m	793.7m
Net profits	21.89m	51.55m
Net per share	1.65	4.39

MORE N. AMERICAN QUARTERLIES PAGE 26

COLEMAN COMPANY

	1981 $	1980 $
Fourth quarter		
Revenue	86.01m	75.19m
Net profits	4.07m	5.19m
Net per share	0.62	0.80
Year		
Revenue	359.1m	300.5m
Net profits	20.19m	14.08m
Net per share	3.08	2.19

COMPUTERVISION

	1981 $	1980 $
Fourth quarter		
Revenue	78.3m	56.1m
Net profits	9.34m	7.66m
Net per share	0.34	0.28
Year		
Revenue	270.7m	181.1m
Net profits	35.7m	23.4m
Net per share	1.30	0.91

CROWN LIFE INSURANCE

	1981 C$	1980 C$
Year		
Revenue	1.16bn	1.01bn
Net profits	49.2m	38.3m
Net per share	13.84	11.83

CRUM & FORSTER

	1981 $	1980 $
Fourth quarter		
Revenue	494.8m	515.7m
Net profits	35.9m	34.9m
Net per share	1.28	1.24
Year		
Revenue	1.92bn	1.33bn
Net profits	176.2m	151.5m
Net per share	6.16	5.39

DENNISON MFG.

	1981 $	1980 $
Fourth quarter		
Revenue	154.2m	132.0m
Net profits	9.02m	8.53m
Net per share	0.91	0.89
Year		
Revenue	569.7m	492.4m
Net profits	30.07m	23.28m
Net per share	3.05	2.42

DIAMOND INTERNATIONAL

	1981 $	1980 $
Fourth quarter		
Revenue	371.0m	430.0m
Net profits	9.8m	14.8m
Net per share	0.45	0.91
Year		
Revenue	1.34bn	1.28bn
Net profits	31.8m	40.6m
Net per share	2.04	2.88

DR. PEPPER

	1981 $	1980 $
Fourth quarter		
Revenue	82.5m	80.5m
Net profits	7.22m	5.83m
Net per share	0.35	0.33
Year		
Revenue	384.0m	333.2m
Net profits	29.4m	26.5m
Net per share	1.45	1.31

W. W. GRAINGER

	1981 $	1980 $
Fourth quarter		
Revenue	217.4m	206.5m
Net profits	17.3m	17.0m
Net per share	1.22	1.20
Year		
Revenue	867.3m	782.8m
Net profits	56.3m	48.8m
Net per share	3.95	3.45

HOUSTON INDUSTRIES

	1981 $	1980 $
Fourth quarter		
Revenue	756.1m	570.9m
Net profits	39.81m	36.87m
Net per share	0.56	0.57
Year		
Revenue	3.08bn	2.37bn
Net profits	219.4m	183.9m
Net per share	3.14	3.14

INEXCO OIL

	1981 $	1980 $
Fourth quarter		
Revenue	82.82m	39.22m
Net profits	8.59m	5.18m
Net per share	0.40	0.22
Year		
Revenue	238.7m	148.6m
Net profits	31.92m	22.58m
Net per share	1.32	0.84

LIBERTY NATIONAL INSURANCE

	1981 $	1980 $
Fourth quarter		
Net profits	14.83m	18.46m
Net per share	0.79	0.98
Year		
Net profits	70.0m	64.1m
Net per share	3.73	3.40

MORRISON-KNUDSEN

	1981 $	1980 $
Fourth quarter		
Revenue	572.7m	453.5m
Net profits	11.98m	10.35m
Net per share	1.19	1.11
Year		
Revenue	2.06bn	1.74bn
Net profits	37.1m	30.61m
Net per share	3.66	3.50

OZARK AIRLINES

	1981 $	1980 $
Fourth quarter		
Revenue	94.72m	85.92m
Net profits	4.25m	3.86m
Net per share	0.45	0.66
Year		
Revenue	380.9m	293.8m
Net profits	17.13m	†396,000
Net per share	2.01	—

† Loss

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 16. Closing prices on February 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101⅞	102⅜	−0½	−0⅜	15.90
APS Fin. Co. 17¼ 86 ...	60	103⅜	103⅞	−0½	−0⅜	16.04
Armco O/S Fin. 15⅝ 86	50	98⅝	99⅛	−0⅛	0	16.87
Bank Montreal 16¼ 91	150	99⅝	100⅛	−0⅛	−0⅛	16.23
Br. Colum. Hyd. 16⅛ 88	100	100⅞	101⅜	−0½	−0⅛	15.90
Br. Colum. Mis. 17 97	64	102⅛	103	−0⅜	−0⅛	16.45
Can. Nat. Rail 14⅛ 91	100	92⅜	93⅛	−0⅛	−1	16.05
Caterpillar Fin. 16½ 86	100	101⅞	102⅜	−0⅛	−0⅛	15.75
CFMP 16⅜ 96 ...	100	101⅛	101⅝	−0⅛	−0½	16.43
CIBC 16⅜ 91	100	101⅛	101⅝	−0⅛	−0⅛	16.40
Citicorp O/S 16⅜ 86 ...	150	102⅜	103⅛	−0⅛	−0½	15.75
Cities Service 17 88 ..	150	102½	103	0	−0⅛	16.21
Cons. Bathurst 17¼ 88	60	102	102½	−0⅞	−0⅛	16.85
CPC Fin. 16⅝ 86	50	102⅞	102⅜	−0⅛	−0⅛	15.99
Dupont O/S 14⅛ 88	400	96⅜	96⅞	0	−0⅛	15.29
EIB 16⅛ 88	100	100	100⅛	−0⅛	−0⅛	16.38
EIB 16⅝ 91	100	100⅛	101⅛	−0⅛	−0⅛	16.48
GMAC O/S Fin. 16½ 84	300	100⅛	100½	−0⅛	−0⅛	16.14
Gulf States O/S 17½ 88	60	103⅛	103⅞	−0⅛	−0⅛	16.48
Japan Airlines 15¾ 88	50	99⅛	99⅝	−0⅛	−0⅛	15.36
Nat. Bk. Canada 16½ 88	40	99⅞	100⅜	−0⅛	−0⅛	17.09
Nat. West 14⅛ 91 ..	100	94⅞	95⅜	−0⅛	−0⅛	16.73
New Brunswick 17 88	60	104⅜	104⅞	−0⅛	−0⅛	15.81
Newfoundland 17⅜ 89 ..	60	106	106½	−0⅛	−0½	15.72
New & Lab. Hy. 17⅜ 89	75	103	103½	−0½	−1	16.42
Ohio Edison Fin. 17½ 88	75	103⅛	103⅞	−0⅛	−0⅛	16.49
OKG 15⅞ 97	50	96⅞	97⅜	−0⅛	−0⅛	16.23
Ontario Hyd. 16 81 (N)	200	99⅞	100⅜	−0⅛	−0½	16.93
Pac. Gas & El. 15⅞ 89	80	98⅞	99⅜	−0⅛	+0⅛	15.95
Quebec Hydro 17⅛ 91	150	103⅜	104⅛	−0⅛	−0⅛	16.36
Quebec Prov. 15⅝ 89 .	150	94⅞	95⅜	−0⅛	−0⅛	16.36
Saskatchewan 16⅞ 88	100	100½	100⅞	−0⅛	−0⅛	16.04
Statsforetag 15⅞ 87 ...	50	97⅜	97⅞	−0⅛	−0⅛	16.46
Sweden 14⅛ 88	150	92½	93	−0⅛	−0⅞	16.30
Swed. Ex. Cred. 16½ 93	75	99⅞	100⅜	−0½	−0⅞	16.43
Tenneco Int. 17 89 ..	100	103⅝	104⅛	−0⅛	−0⅛	16.02
Texas Eastern 15⅞ 88	75	99½	99	−0⅛	−0⅛	16.15
Transcanada 17⅛ 89 ..	75	105½	106	−0½	−0⅛	16.19
[illegible] 16 89	100	97⅜	98⅛	−0⅛	−0⅛	16.46
[illegible] 16⅞ 86	100	101⅞	102	−0⅛	−0½	15.10
[illegible] 17 86	50	103⅜	104⅛	0	+0⅛	15.68
[illegible] F. 15½ 89	50	95⅜	96⅛	−0⅛	−0⅛	16.48
World Bank 16 88	60	99⅞	100⅜	−0⅛	−0⅛	15.91
World Bank 16½ 86 ...	130	102⅛	102⅝	−0⅛	−0⅛	15.61
World Bank 16½ 88 .	100	101⅛	102	−0⅛	−0⅛	15.98

Average price changes... On day −0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅝ 91	300	98⅝	99⅛	−0⅛	−0⅛	9.55
Belgelectric 11 91	100	100⅜	101⅛	−0⅛	−0⅛	10.85
CECA 10 91	120	99⅞	100⅜	−0⅛	0	9.95
Coun. of Europe 10 91	100	99⅜	100⅛	−0⅛	−0½	10.03
Coun. of Europe 10⅛ 91	100	100⅞	101⅜	+0⅛	+0⅛	10.02
EEC 10⅛ 93	100	100⅛	100⅞	−0⅛	−0⅛	10.02
EIB 10½ 91	200	102⅛	102⅞	−0⅛	−0⅞	10.06
EIB 9⅝ 88	60	99⅛	99⅝	0	0	9.97
Finland, Rep. of 10⅝ 96	100	100⅜	101⅛	−0⅛	−0½	10.26
Inter-American 10 91 .	100	99½	100⅛	−0⅛	−0⅛	10.02
Inter-American 10⅛ 81	100	100⅜	101⅞	−0½	−0⅛	10.11
Ireland 10⅛ 86	100	99⅜	100⅛	−0⅛	−0⅛	10.11
Mexico 11 88	100	100⅞	101⅛	0	0	10.74
Midland Int. Fin. 8½ 90	190	93⅛	93⅞	−0⅛	−0⅛	8.62
Mt. Bk. Dnmk. 10½ 91	100	99⅞	100⅜	+0⅛	+0⅛	10.44
Nat. West 9⅞ 92	100	99⅜	100⅞	0	0	9.87
New Zealand 9⅝ 89	200	99⅞	100⅜	−0⅛	−0⅛	9.69
OKB 10⅛ 91	150	100⅛	101	−0⅛	−0⅛	10.01
Ost. Kontrollbk. 9⅝ 86	150	98⅞	99⅜	0	0	9.89
Quebec Hydro 10⅛ 91 ..	150	101⅞	102⅜	0	+0⅛	9.87
Swed. Ex. Cred. 10⅛ 91	100	99⅜	99⅞	0	−0⅛	10.32
Venezuela 11½ 91	100	99⅝	100⅛	0	0	11.48
World Bank 10 91	250	100⅜	101⅛	+0⅛	+0⅞	9.82

Average price changes... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aerolit Transport 7½ 92	50	100⅜	101	0	0	7.37
Asian Dev. Bank 8 90	80	100⅛	101	−0⅛	−0⅛	7.85
Australia 6⅝ 93	100	101	101⅛	0	0	6.91
Belgelectric 7½ 91	80	99⅜	100	0	0	7.61
Bell Canada 7¼ 93	100	102⅜	103	−0⅛	−1¼	6.88
Bet. de Aulppistoe 8 90	50	98	98½	−0⅛	−0⅞	9.28
Denmark 7⅛ 91	100	96½	96½	0	0	7.75
Dome Petroleum 7⅛ 90	100	100⅜	100⅞	−1⅛	−1⅛	7.12
EIB 7¼ 92	100	97⅜	98	0	0	7.58
Elet. de France 7 92 ...	100	†98½	99	0	0	7.18
ENEL 8 92	44	98	98⅛	0	0	8.28
Gotaverken 7 91	100	100⅜	101	−0½	−1⅛	9.86
I/S Elsam 9½ 91	60	102⅞	103⅛	+0⅛	−1⅛	9.03
Japan Air Lines 7⅜ 91	100	102⅜	103	0	−0⅛	6.83
Neder. Gasunie 9 91	100	105	105⅛	−0⅛	−1⅛	7.24
Nippon T. and T. 6⅝ 92	100	99½	99⅛	0	0	6.98
OKB 7⅛ 91	100	99⅛	99⅞	−0½	−0½	7.28
Oslo, City of 8 91	100	104⅜	104⅞	0	−0⅛	7.29
Ost. Donaukraft 7 92 ..	100	99	99⅛	0	0	7.12
Saint Etienne 8½ 91 ..	20	104½	105	+0⅛	−0⅛	7.78
Swed. Ex. Credit 7⅜ 81	75	96⅛	96½	−0⅛	−1½	7.91
TNT O/S Fin. 8 91	50	†103½	104	−0⅛	−0⅛	7.44
Transcanada Pipe 7 94	100	101	101¼	0	0	9.88
Unilever NV 7⅜ 93 ...	100	103½	104⅛	−0⅛	−1⅛	6.98
World Bank 7 90	100	97	97⅛	−2	−1⅛	7.48
World Bank 9 91	100	103	103⅛	−0⅛	−0⅛	7.53

Average price changes... On day −0½ on week −0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅛ 91	15	98½	99⅛	+0⅛	+0⅛	8.40
Australia 6½ 88	20	90½	91½	−0⅛	+0⅛	9.42
EIB 7⅜ 89	12	96⅜	97⅛	−0⅛	−0⅛	8.24
Finland, Rep. of 8⅛ 87	15	98½	99½	−0⅛	0	0.60
Int.-Amer. Dev. 8⅞ 91	15	101⅛	102⅛	−0⅛	−0⅛	0.91
New Zealand 8⅜ 87	15	99½	100½	0	−0⅛	8.36

Average price changes... On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†97⅛	97⅝	0	−0⅛	17.47
Federal Dev. 17⅜ 86 C$	40	†101½	102½	0	−0⅛	17.01
GMAC (Can.) 19 87 C$	60	†105	106	+0½	0	19.34
Pancanadian 16½ 86 C$	65	†97	97½	0	−0⅛	17.17
Queb. Urban 16⅝ 86 C$	20	†100	101	0	0	16.64
Roynat 17⅛ 86 C$	40	†100⅜	101⅛	0	+0⅛	16.87
Teldom Con. 13½ 85 C$	30	†93½	94⅛	+0⅛	+0⅛	16.88

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	26	85⅞	87⅛	+0⅛	+1	11.34
SOFTE 8⅛ 89 EUA ...	40	77⅞	78⅞	0	−0⅛	13.10
U. Bk. Nwy. 9⅝ 90 EUA	18	87½	92⅛	0	+0⅛	11.02
Algemene Bk. 10⅛ 86 Fl	60	87⅛	97⅛	−0½	−0⅛	11.00
Amfas Group 12⅛ 86 Fl	40	102⅛	102⅞	−0½	−0⅛	11.47
Amro Bank 12 86 Fl ...	75	101⅛	101⅞	−0⅛	0	11.46
Amro Bank 12 86 Fl ...	60	101⅛	102⅛	−0½	+0⅛	11.43
Heineken NV 10 87 Fl...	100	96⅛	96⅞	−0⅛	−0⅛	10.89
Pierson 10⅛ 88 Fl	50	97⅛	97⅞	−0⅛	−0⅛	11.08
Robobank 12 86 Fl	50	101⅛	102⅛	+0⅛	+0⅛	11.38
Air France 14⅛ 86 FFr...	200	95⅛	96⅛	+0⅛	+1⅛	15.87
Bk. America 14⅛ 88 FFr	250	93⅞	94⅞	+0⅛	+0⅛	16.39
Charb'nages 13⅞ 85 FFr	400	95⅛	96⅛	+0⅛	+1⅛	15.42
EIB 14⅛ 88 FFr	300	91⅛	92½	0	+1⅛	16.42
La Redoute 14⅛ 85 FFr	125	91⅞	92⅞	+0⅛	+0⅛	17.18
OKB 14 86 FFr	400	93⅞	94⅞	0	+1	16.01
Solvay et C. 14⅛ 86 FFr	200	94½	95½	−0⅛	+1⅛	16.50
Swed. E. Cr. 14⅛ 86 FFr	250	94⅛	95⅛	0	+1	16.24
U. Mex. Sts. 14 85 FFr	150	92⅛	93⅛	0	+0⅛	16.90
Acona 14 85 £	20	91⅛	92⅛	0	+0⅛	17.01
Beneficial 14⅛ 90 £	20	84⅞	85⅞	+0⅛	+0⅛	17.59
BNP 13½ 91 £	15	85⅛	86⅛	+0⅛	+0⅛	16.54
CECA 13⅛ 88 £	20	89⅛	90⅛	+0⅛	−0⅛	16.08
Citicorp O/S 13½ 90 £	50	89⅛	90⅛	0	+0⅛	15.72
Fin. Ex. Cred. 13½ 86 £	15	90⅛	91⅛	−0⅛	−0½	16.96
Gen. Elec. Co. 12½ 89 £	50	85⅛	86⅛	+0⅛	+0⅛	15.85
Hiram Walker 14⅛ 86 £	25	93⅛	94⅛	0	+0⅛	16.20
Privatbanken 14⅛ 88 £	12	89⅛	90⅛	−0⅛	−0⅛	17.25
J. Rothschild 14⅛ 90 £	12	92⅞	93⅞	0	−0⅛	15.65
Royal Trustco 14 88 £	12	93⅛	94⅛	0	+0⅛	16.12
Swed. Ex. Cr. 13⅛ 86 £	20	91⅛	92⅛	−0⅛	0	16.43
Akzo 8⅛ 87 LuxFr	500	87⅞	88⅞	0	+1⅞	12.24
Euratom 9⅛ 88 LuxFr	500	87⅛	88⅛	0	+0⅛	12.82
Eurofima 10⅛ 87 LuxFr	500	92⅛	93⅛	0	0	12.29
EIB 9⅛ 88 LuxFr	600	89⅛	90⅛	−0⅛	+0⅛	12.27
Volvo 9⅛ 87 LuxFr	500	87⅛	88⅛	0	+1	12.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5⅛ 90	0⅛	99	99⅛	18/8	14⅛	14.36
Bank of Montreal 5⅛ 91	0⅛	99⅛	99⅝	29/4	17.06	17.17
Bank of Tokyo 5⅛ 91 ...	0⅛	99½	100	10/6	13⅛	13.28
Bk. Nova Scotia 5⅛ 93	0⅛	99⅛	99⅞	29/4	17.06	17.13
BBL Int. 5 86	0⅛	99⅛	99⅞	20/5	13½	13.57
BFCE 5⅛ 88	0⅛	99½	100	26/4	16.94	16.98
BFCE 5⅛ 87	0⅛	99⅛	99⅞	27/7	16⅛	16.31
Christiania Bk. 5⅛ 91...	§0⅛	99	99⅛	6/5	18	18.12
Co-Ban Eurofin 5½ 91...	0⅛	98½	99	14/4	16.69	16.90
Den Norske Cred. 5⅛ 93	0⅛	97⅛	98	4/6	13.58	13.87
Genfinance 5⅛ 92	0⅛	99⅛	99⅞	30/6	15⅛	15.58
Giro und Bank 5⅛ 91 ...	§0⅛	99⅛	99⅛	23/3	14.06	14.15
GZB 5⅛ 92	§0⅛	98⅞	99⅛	5/3	13⅛	13.24
Ind. Bank Japan 5⅛ 88	0⅛	98⅛	98⅞	9/5	13.31	13.52
Lloyds Eurofin 5⅛ 93 ...	§0⅛	99⅛	99⅛	29/4	17.13	17.22
LTCB Japan 5⅛ 89 ...	0⅛	99	99⅛	16/7	15.31	15.43
Midland Int. Fin. 9 91...	0⅛	99⅛	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88...	0⅛	†97	97⅛	25/3	17.31	17.80
Nat. Bk. Canada 5⅛ 86	0⅛	99⅛	100⅛	24/3	17.31	17.33
Nat. West. Fin. 5⅛ 91...	§0⅛	99	99½	15/7	15.19	16.30
Nat. West. Fin. 5⅛ 92...	§0⅛	98⅛	99⅛	23/4	17	17.06
Nordic Int. Fin. 5½ 91...	0⅛	98⅛	99⅛	8/5	15⅛	15.00
Offshore Mining 5⅛ 91	0⅛	98⅛	98⅞	2/6	13	13.21
Pemex 8 91	0⅛	97	97⅛	8/4	17	17.48
PKbanken 5 91	0⅛	98⅛	99⅛	17/6	14⅛	14.54
Sanwa Int. Fin. 5⅛ 88...	0⅛	†98⅛	99⅛	24/3	17⅛	17.31
Scotland Int. 5⅛ 92...	0⅛	98⅛	98⅞	23/3	13.94	14.15
Sec. Pacific 5⅛ 91	0⅛	98⅛	98⅞	24/5	13⅛	13.45
Societe Generale 5⅛ 91	0⅛	98½	99	22/7	15⅛	15.44
Standard Chart. 5⅛ 91	0⅛	97⅞	98⅛	18/5	13.31	13.57
Sumitomo Fin. 5½ 88...	0⅛	99⅛	99⅛	9/8	16	16.08

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	94⅛	95⅛	−0⅛	5.43
Bow Valley Inv. 8 95 ...	4/81	23.72	95⅛	97	0	90.20
Canon 6⅛ 95	1/81	829	105½	107⅛	−0⅛	8.43
Daiwa Secs 5½ 96	12/81	513.3	†72	74	0	−2.08
Fujitsu Fanuc 4½ 96	10/81	6770	107	108⅛	−1⅛	7.93
Furukawa Elec. 5⅛ 96...	7/81	300	115	116⅛	−0⅛	−3.44
Hanson O/S Fin. 9⅛ 96	9/81	2.74	†89	90	0	94.48
Hitachi Cable 5⅛ 96	2/82	515	98⅛	99⅛	−3⅛	−9.60
Hitachi Cred. Cpn. 5 96	7/81	1773	76⅞	78⅛	−3⅛	1.41
Inchcape 9 95	2/81	4.55	†82	83½	−2	10.57
Kawasaki 5⅛ 96	9/81	229	71⅛	73⅛	−3⅛	2.04
Marui 6 96	7/81	931	99⅛	101⅛	−1⅛	11.87
Matsushita El. 7½ 95 ...	11/80	590	82⅛	83⅛	−2⅞	1.14
Minolta Camera 5 96	10/81	909	67½	69	−2½	9.78
Minerco 9⅛ 97	5/82	8.16	95	95⅛	0	−6.70
Murata 5⅛ 96	7/81	2190	70⅛	71⅞	−3⅛	14.65
NKK 5⅛ 96	7/81	188	85⅞	87⅛	−3⅛	−9.20
Nippon Chemi-C 5 91...	10/81	919	72	74	0	8.38
Nippon Electric 5½ 97 .	2/82	848	99⅛	100⅛	−1½	2.23
Orient Finance 5⅛ 97 .	3/82	1567	87⅛	88⅛	−2⅛	5.19
Sanyo Electric 5 96	10/81	652	76½	78	0	9.29
Sumitomo Met. 5⅛ 96	10/81	365	71½	73	−4½	2.64
Swiss Bk. Cpn. 6⅛ 90 .	9/80	191	†70	72	−2	22.17
Taylor Woodrow 9⅛ 90	1/81	4.94	†85	86	0	−4.21
Kanishiroku 6 90 DM	2/82	585	101⅛	102⅛	−0⅞	−2.31
Mitsubishi H. 9 89 DM	2/82	263	99	100	−0⅛	8.89

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Schering expects higher profits

By Leslie Collett in Berlin

SCHERING, the West German pharmaceuticals and chemicals group, achieved 18.2 per cent growth in sales last year to DM 3.8bn ($1.6bn). Profits will not be published until later this year, but the company "did better" than in 1980 when it earned DM 78m.

Dr Klaus Pohle, a member of Schering's executive board, said the dollar's strength last year accounted for one-third of the growth in group sales. One-third was the result of price rises and the remaining third came from volume increases.

The parent company, Schering AG, boosted sales by 11 per cent to DM 1.7bn. This was achieved by exports, which grew 17 per cent while domestic sales were flat.

The fastest growth in turnover was achieved by industrial chemicals, which rose by 27.6 per cent to DM 947m. Pharmaceutical sales increased by 17.7 per cent to DM 1.6bn.

The weakness of the West German market has continued in the first weeks of this year. Sales in Germany have dropped but exports continue to flourish. Dr Pohle estimated that exports this year could rise by 5 per cent to 70 per cent of total Schering AG production.

This year Schering intends to invest DM 260m and to increase research and development staff. Dr Pohle said the agro-chemicals division was unable to find the qualified bio-chemists, biologists and chemists it was seeking.

Schering is establishing a fine chemicals division. It hopes to increase sales of pharmaceutical fine chemicals this year to about DM 300m.

Matra faces full takeover threat in compensation row

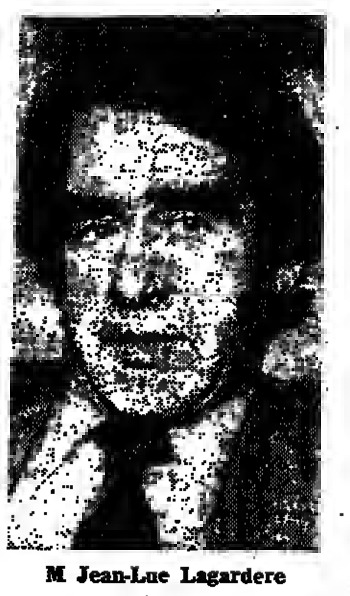
BY TERRY DODSWORTH IN PARIS

PRESSURE is building up within the French Socialist Party for the complete nationalisation of Matra, the arms and high technology group, if shareholders continue to insist on a big increase in the current government offer for 51 per cent of the company.

Negotiations on new compensation terms have started between the company and the authorities after the Constitutional Council ruling which increased the amount the Government had to pay to acquire most of the companies on the nationalisation list.

Matra was excluded from this judgment because its takeover terms were arranged separately to give the state only a majority stake. Shareholders nevertheless demanded an improved bid because the new compensation criteria—the best monthly average share price between October 1 1980, and March 31 last year—was calculated to be worth around FFr 2,800 ($467) a share, against FFr 1,215 the Government was offering.

Few details have emerged so far on the initial sparring bout between the two sides on the revised offer. Suggestions that M Jean-Luc Lagardere, chairman of Matra, has asked for compensation worth around FFr 2,500 a share are arousing considerable objections among militant Socialists, who wanted to see Matra fully nationalised in the first place.



M Jean-Luc Lagardere

The Government may find these objections useful in putting pressure on Matra to agree to a solution which does not unduly increase the cost of the takeover. Opposition to a full revaluation is based both on the argument that the company is a special case, and that its share price was artificially inflated during the relevant period because of its bid for the Hachette publishing empire.

The company itself says that it wants to "stay within the framework" of the October agreement with the Government. Although the full text of this accord has never been released, this involved a two-part deal, with a capital increase reserved for the state, on the basis of FFr 1,115 a share, followed by a bid for current shares at a premium price of FFr 1,215.

Kosmos in talks with survey group

BY FAY GJESTER IN OSLO

KOSMOS, a leading Norwegian shipping group, is negotiating to buy a seismic survey company, GECO.

GECO (Geophysical Company of Norway) conducts submarine seismic surveys for the oil industry. Since its establishment in 1973, it has grown rapidly with the expansion of world offshore exploration.

In 1980 the company made a pre-tax profit of NKr 24.6m ($4m) on turnover of NKr 302.8m, NKr 230m of which arose outside Norway. With a total of 700 employees, GECO operates a fleet of eight seismic survey ships.

The company's owners announced recently that they were discussing its sale because they believed its potential could be better employed under "more unified ownership."

PUK increases turnover

PECHINEY Ugine Kuhlmann (PUK), the French metals group, last year increased net consolidated turnover to FFr 40.98bn ($6.8bn), against FFr 37.83bn.

Total turnover included FFr 16.85bn from the aluminium sector, FFr 9.24bn from chemicals, FFr 7.68bn from ferrous metals and copper and FFr 7.21bn from light metals.

Reuter

Saint Gobain steps up spending

By Our Paris Staff

A BIG increase in investments is being planned this year by Saint-Gobain, one of the five big industrial groups on the French Government's nationalisation list.

Overall industrial investments, the company says, are to go up by 38 per cent from FFr 4bn to Fr 5.5bn ($917m). Virtually all of this—FFr 4bn against FFr 2.6bn—is to go into the group's traditional activities rather than the computer interests taken over with the acquisition of a majority stake in Cii Honeywell Bull. Cii's investments are to increase from FFr 1.4bn to only FFr 1.5bn.

The rise in Saint-Gobain's investment effort falls in line with the Government's plans to step up expenditure in the enlarged public sector, even though the company spent heavily in 1981. Industrial investments went up by 29 per cent last year to reach FFr 4bn against FFr 3.1bn in 1980.

Saint-Gobain has given no indication of the way in which it intends to finance its spending, although it is forecasting a "significant improvement" in cash-flow this year compared with the FFr 3bn attained in 1981.

Similarly, the future of Cii Honeywell Bull is not mentioned, despite suggestions that it may be hived off by the Government as a separate concern once the conclusion of an agreement reducing the 47 per cent stake held by Honeywell of the U.S. is reached.

Statsforetag board rejects break-up plan

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE BOARD of Statforetag has defied Mr Nils Aasling, the Industry Mioister, and rejected a gnvernment plan to break up the state holding company. Unless he is ready to compromise, Mr Aasling will have to call a general meeting in order to dismiss the board.

Sucb action by tbe Minister could be politically hazardous for tha centre/liberal minority coalition in the run-up to the general election in September. The Statsforetag board includes sucb powerful figures as Mr Gunnar Nilsson, chairman of the Trade Union Federation.

Apart from the Industry Ministry'a own representative, the Statsforetag directors were unanimous in voting down Mr Asling's plan to take away from the bolding company its profitable Procordia division, whicb includes Statsforetag's tobacco company, the most profitable among the 30-odd concerns owned by the group.

On the other hand the board agreed that ASI, the troubled pulp, paper and board company, could be sold to the state shareholding trust for an unstated sum.

This would allow ASSI's operations to be co-ordinated with those of Domanverket, the state forest company, and nf NCB, the co-operative forest products company in which the Government has had to take a controlling interest. The board bas also offered to hand over to tbe Government its half share in Svenska Petroleum, the state oil company, tbe Beroxo chemicala company, and Svetab, a development company

But Procordia was not for sale, Mr Karl Axel Linderoth, the board chairman, stated emphatically. It could generate SKr 400m ($70m) a year in earnings "irrespective of economic fluctuations" and its loss would destroy all chance of running the Statsforetag group.

Mr Linderoth resigned, with effect from June next, both as chairman and as managing director designate, when he was given advance information of the Minister's plans for Statsforetag.

Rennies income surges

BY JIM JONES IN JOHANNESBURG

RENNIES Consolidated Holdings, the South African conglomerate wbich is 52 per cent owned by Jardine Matheson of Hong Kong and which has interests in hotels, shipping, liquor, tourism, manufacturing and wholesaling, has reported a 62 per ceot increase in operating profits to R47.6m ($48.5m) in 1981 from R29.4m. Revenues advanced 49.5 per cent to R353.2m from R236.2m.

At the interim stage, management had expected the economy to slow and affect second balf earnings but the downturn was not as bad as expected and all divisions recorded higher profits. The ahipping, security, transport and travel division increased its operating profits by 40 per cent to R17.4m.

The Holiday Inos botel divisioo increased its operating profit by 30 per cent to R15.9m and its occupancy rate to 74 per cent from 71 per cent.

Two new Holiday Inna are to be opened in South Africa thia year, and work on another in Salisbury, Zimbabwe, ia progressing satisfactorily.

Two hotel sites have been acqulred, one in Pretoria and the other in Durban, and hotel extensions are planned in Swaziland, Botswana and Transkei.

A total dividend of 51 cents a share bas been declared from earnings on 105.7 cents a share in 1980, earnings were 67.4 cents a sbare and the total dividend 33 cents.

Earnings ahead at Swedish engineer

By Our Financial Staff

ASEA, the Swedisb heavy electrical engineering group, has increased profits before tax to SKr 757m ($131m) for 1981, against SKr 261m a year earlier.

The performance reflects a sharp increase in sales and the elimination of a number of divisinnal losses. It has allowed the dividend to go up to SKr 8 a share from SKr 7.

Looking ahead, ASEA said yesterday that the build-up in orders together with scope for widening margins should lead to a further rise in profits for 1982.

ASEA pointed with confidence to its order books. At the end of the year tbese stood at SKr 15.4bn, a gain of more than a quarter over the SKr 12.1bn of end-1980.

Sales last year totalled SKr 16.8bn, against SKr 12.6bn. Profits were atruck after financial items of SKr 643m, compared with SKr 382m, and depreciation SKr 397m higher at SKr 670m.

The 1981 results amount to the second year of recovery for ASEA. Last August tbe company predicted a "not insubstantial" improvement in earnings.

Elektro Union shows advance

By Our Oslo Correspondent

ELEKTRO UNION, of Norway, whnse activities range from production of transformers and industrial and marine piping to installation of electrical equipment on offshore platforms, reports turnover of NKr 1.2bn ($200m) for 1981, up 13.5 per cent on a year earlier. Pre-tax profits reached NKr 35m, against NKr 29m.

The group is currently setting up a U.S. subsidiary to market and service Industrial transformers.

N. AMERICAN QUARTERLIES Cont.

SMITH INTL.

	1981 $	1980 $
Fourth quarter		
Revenue	328.2m	244.3m
Net profits	41.0m	23.16m
Net per share	1.79	1.05
Year		
Revenue	1.19bn	784.1m
Net profits	133.2m	79.1m
Net per share	5.80	3.73

STANDARD REGISTER

	1981 $	1980 $
Fourth quarter		
Revenue	86.8m	75.6m
Net profits	5.64m	4.33m
Net per share	2.59	2.00
Year		
Revenue	319.6m	290.2m
Net profits	15.38m	13.91m
Net per share	7.06	8.41

SUPERIOR OIL

	1981 $	1980 $
Fourth quarter		
Revenue	560.5m	440.7m
Net profits	73.2m	97.2m
Net per share	0.57	0.77
Year		
Revenue	2.1bn	1.5bn
Net profits	361.3m	334.5m
Net per share	2.84	2.64

TEXAS AIR

	1981 $	1980 $
Fourth quarter		
Revenue	384.1m	73.4m
Net profits	†25.74m	429,000
Net per share	†4.43	0.06
Year		
Revenue	719.4m	291.5m
Net profits	†47.18m	3.99m
Net per share	†8.11	0.55

† Loss.

TEXTRON

	1981 $	1980 $
Fourth quarter		
Revenue	815.5m	862.4m
Net profits*	31.9m	46.2m
Net per share*	0.86	1.23
Year		
Revenue	3.3bn	3.34bn
Net profits*	145.8m	167.8m
Net per share*	3.90	4.48

* Operating.

THOMAS & BETTS

	1981 $	1980 $
Fourth quarter		
Revenue	61.8m	61.7m
Net profits	6.83m	7.39m
Net per share	0.88	0.96
Year		
Revenue	268.0m	254.0m
Net profits	33.4m	32.5m
Net per share	4.31	4.22

TIMES MIRROR

	1981 $	1980 $
Fourth quarter		
Revenue	576.3m	494.8m
Net profits	50.0m	42.4m
Net per share	1.46	1.24
Year		
Revenue	2.15bn	1.87bn
Net profits	150.3m	139.2m
Net per share	4.40	4.08

UNITED TELECOMMUNICATIONS

	1981 $	1980 $
Fourth quarter		
Revenue	586.2m	500.5m
Net profits	50.5m	46.8m
Net per share	0.66	0.63
Year		
Revenue	2.26bn	1.92bn
Net profits	261.8m	176.7m
Net per share	3.47	2.40

UNIVERSAL LEAF TOBACCO

	1981-82 $	1980-81 $
Second quarter		
Revenue	418.5m	342.5m
Net profits	13.6m	12.5m
Net per share	1.57	1.42
Six months		
Revenue	670.4m	545.4m
Net profits	15.7m	18.0m
Net per share	2.26	2.05

U.S. TOBACCO

	1981 $	1980 $
Fourth quarter		
Revenue	75.2m	66.5m
Net profits	10.99m	8.96m
Net per share	1.20	1.10
Year		
Revenue	280.2m	250.0m
Net profits	43.0m	37.7m
Net per share	4.72	4.16

WESTINGHOUSE CANADA

	1981 C$	1980 C$
Fourth quarter		
Revenue	189.0m	150.0m
Net profits	9.6m	8.5m
Net per share	3.59	3.15
Year		
Revenue	679.0m	570.0m
Net profits	30.4m	29.8m
Net per share	11.31	11.11

WESTERN UNION

	1981 $	1980 $
Fourth quarter		
Revenue	233.3m	215.6m
Net profits	25.8m	9.8m
Net per share	1.46	0.47
Year		
Revenue	906.6m	794.2m
Net profits	89.6m	37.8m
Net per share	3.76	1.80

WILLIAMS COS.

	1981 $	1980 $
Fourth quarter		
Revenue	423.9m	499.0m
Net profits	6.14m	31.84m
Net per share	0.21	1.16
Year		
Revenue	1.99bn	2.07bn
Net profits	109.5m	138.7m
Net per share	3.67	5.07

We are deeply saddened to announce

the death of our dear friend, Founding Partner

and Advisory Director of our Firm

HENRY STURGIS MORGAN

on Sunday, February 7, 1982

MORGAN STANLEY INC.

DOMESTIC SALES OFFSET FALL IN EXPORTS

Midterm advance for Toyota Motor

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR, the manufacturing arm of Japan's largest vehicle group, has reported a 37 per cent surge in first half operating profits to Y140.74bn ($568m). Sales rose by 13 per cent to Y1,870.59bn ($7.8bn) despite a 2.2 per cent drop in sales volume.

Net profits for the six months ended December 31 were 16 per cent higher than a year earlier at Y66.42bn, their growth checked in part by higher taxes. Net per share was Y36.29 compared with Y32.51.

The company also announced the terms of its previously reported plan to merge with its marketing arm, Toyota Motor Sales. Each Sales share will be exchanged for 0.75 of a Motor share with the deal due to be completed by July 1.

Toyota decided to merge with its marketing company to improve the efficiency of the group's sales worldwide. The sales unit, in which Toyota Motor holds a 44.95 per cent stake, has operated independently since 1951.

Half-year vehicle exports fell by 9 per cent to 799,072 within which car exports fell by 14.3 per cent to 491,247 because of voluntary restrictions on exports to the U.S. and Europe. Domestic vehicle sales rose 7 per cent to 742,200 helped by the overhaul of the Celica and Carina car ranges.

The average yen-dollar exchange rate was Y13 lower than a year earlier which improved export profitability by Y51bn. This and other favourable factors such as lower material costs contributed Y101.1bn to operating profits.

Negative factors offsetting this totalled Y50.7bn, and included Y21bn of higher depreciation charges and Y12bn of higher personnel costs.

Toyota's net financial profits (interest income minus interest costs) fell by Y12.6bn because of lower interest rates. This and some other financial items are reported in operating profits.

The company is forecasting domestic sales of 1.55m, an increase of 6 per cent, for the fiscal year ending June 30. It expects exports to fall, however, by 8 per cent, to 1.66m units. The value of total sales is expected to rise 15 per cent to Y3,800bn.

It is forecasting virtually flat operating profits of Y133bn. Mr Eiji Toyoda, president, said it was difficult to forecast profits, however, because of the unpredictability of exchange rates and other factors.

"Particularly challenging factors include the fierce competition worldwide to sell small cars, tougher sales competition on the domestic front, and complicated trade conditions with Western nations."

Woolworths Truworths interim profit at R32m

BY OUR JOHANNESBURG CORRESPONDENT

WOOLWORTHS TRUWORTHS, the South African clothing retail group which was formed by the merger of the Woolworths and Truworths chains last July, earned a pre-tax profit of R32m ($32.5m) in the 26 weeks ended December 26 1981. Turnover was R244.5m ($248.3m). As the merger only became effective on July 1 the latest results are the first to include the combined operations of the two merged companies. In the 13 months ended June 30 1981 Woolworths alone earned a pre-tax profit of R46.9m on a turnover of R272.9m.

The directors say that the Truworths chain did not achieve its sales and profit budgets. A senior member of the board has been seconded to remedy the position and this, together with economies arising from better use of group resources, should lead to a more satisfactory performance in due course.

An interim dividend of 20 cents has been declared from first-half earnings of 52.6 cents a share. Last year Woolworths paid an interim dividend of 15 cents from first-half earnings of 39.9 cents a share. For the 13 months ended June 1981 Woolworths earned 91.4 cents a share and paid dividends totalling 39 cents.

Poor year for instalment credit hits Stanbic results

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICA'S second largest banking group, Standard Bank Investment Corporation (Stanbic), was badly affected by interest rate movements in 1981 and pre-tax operating profits fell by 17.7 per cent from R103.1m to R84.9m ($86.2m). At the half way stage pre-tax profits were marginally lower at R44.1m compared with R44.6m.

As the bank warned at the interim stage operations in the instalment credit field were difficult. Rapidly rising interest rates on deposits cut into the profits of Standard Credit Corporation, the hire purchase arm, which has a substantial involvement in term lending at fixed rates.

The return on shareholders funds for 1981 was 15.5 per cent compared with a target of 18.5 per cent and the 19.1 per cent achieved in 1980.

At the after-tax level net income for 1981 of R66.5m was only 1.2 per cent lower. The tax bill fell to R18.4m from R35.8m because of an increase in dividend income and investment allowances.

The dividend total is unchanged at 40 cents from earnings of 107 cents a share against 111 cents. Stanbic is 58.1 per cent owned by Standard Chartered of the UK.

SAB gains control of Edgars

By Jim Jones in Johannesburg

SOUTH AFRICAN Breweries (SAB), the diversified brewing retail and furniture group, has won control of Edgars, the 450-store retail clothing chain, by lifting to 69 per cent its stake in Edcon which holds 50 per cent of Edgars.

At the start of this month SAB bought 38 per cent of Edcon's equity for R70m ($71.5m) through the Johannesburg Stock Exchange at an average price of R12.50.

But Liberty Life and Fugit, an associate bought 22 per cent of Edcon's equity. This, with the 33 per cent of Edcon owned by its directors and the family of Mr Sydney Press, chairman, effectively blocked SAB's bid for control.

Liberty has now agreed to sell its Edcon shares to SAB at an effective price of R15 each in a deal worth R41m. For every 100 Edcon shares SAB is to give Liberty R275 cash and 250 SAB shares at an agreed price of 490 cents each. A similar offer is to be extended to other Edcon shareholders. SAB is also offering a cash alternative of R15. The offer values Edcon at R187.5m.

Triomf talks end

Merger talks between Triomf Fertilizer and Fedmis which would have created a fertiliser company with about 90 per cent of the South African market, have broken down. It is understood that they disagreed on who would manage the merged operations. Fedmis is a wholly owned subsidiary of Sentrachem, the country's second largest chemicals group.

INTERNATIONAL APPOINTMENTS

Management changes at ScanBank

● SCANDINAVIAN BANK GROUP has made the following management changes: Mr Richard Clark has been appointed head of the international department; Mr Bertil Nortoder, in addition to being in charge of the bank's worldwide institutional relations, becomes responsible for the group's syndication activities; Mr Andrew Pocock is appointed head of project finance. Mr Alan Palmer becomes a vice-president —business management of the group's new western America international branch in Los Angeles. Mr David Jackson has been appointed manager—business management of the bank's Middle East branch, Bahrain.

● Mr Wee Cho Yaw is to become the non-executive chairman of STRAITS STEAMSHIP COMPANY, Singapore-based 58 per cent owned subsidiary of Ocean Transport and Trading. Mr Wee will assume the new responsibilities after the next Straits' annual meeting in April. He succeeds the current chairman of Straits, Mr Kerry St Johnston, who is returning to UK to become chairman of Overseas Containers. Mr Wee is chairman of United Overseas Bank and the UOB group of companies. He has had close links with Straits for many years and has been a member of its board since 1965. He is also chairman of Haw Par Brothers International, United Chase Merchant Bankers and Sin Chew Jit Poh, and a director of a number of companies.

● Mr. Lood J. M. Pijnenburg will be appointed to the board of management of THYSSEN-BORNEMISZA at the forthcoming annual shareholders' meeting of the company. Mr Pijnenburg joined Thyssen-Bornemisza in 1973 as general counsel. As vice-president corporate services since 1979 he will continue to be responsible for corporate structure, group legal and tax matters, international corporate practices and communications.

● SOCIETE D'ETUDES DE MACHINES THERMIQUES has made the following changes: M Francis Charron, presently director of foreign affairs, is taking early retirement from February 1. He will continue for several months on a consultancy basis. M Jacques Michel, marine manager of the parent Alsthom Atlantique's groupe diesel, will join SEMT as director in charge of licensee and commercial services. M Guy Cochet, manager of licensee services, SEMT, will join Alsthom Atlantique, groupe diesel, as commercial director (marine), based at Saint Denis.

● INCOM INTERNATIONAL INC has appointed Mr Brian Lewis to group vice-president of the mechanical control group, to be based at corporate headquarters in Pittsburgh, Pennsylvania. Mr John G. Gill, formerly manufacturing director, succeeds Mr Lewis as managing director of Teleflex Morse, a wholly-owned subsidiary. Mr Gill assumes responsibility for the UK operations and for subsidiaries in Sweden, Germany and France.

● FAIRCHILD SWEARINGEN CORP, San Antonio, Texas, has established a financial services support organisation and has appointed Mr David E. Candler as vice-president, financial services, to direct the new programme which will support domestic and international customers of the company's entire "Turbofleet" line of business and commuter airline aircraft.

● Mr Howard F. Blasch has been elected chairman of the board of JOHN DAVID THOMAS INC, a New York-based public relations and advertising firm.

WORLD STOCK MARKETS

Australia at two-year low

THE RECENT downtrend on Australian markets accelerated yesterday, with Oil and Gas issues leading the retreat. However, brokers said volume was low.

The Australian All Ordinaries iodex fell 10.1 to 516.3, a new two-year low and only 3.3 above its lowest level since January 2 1980, the day after the iodex was introduced. The Oil and Gas index weakened 28.9 to 534.3, Metals and Minerals 8.3 to 370.7 and the All Industrial 7.9 to 661.9.

Brokers blamed the market's depressed state on high interest rates, poor mining and industrial results and a lack of any relief in the forseeable future. So far this year, the All Ordinaries index has dropped 77.8.

Overall market leader BHP receded 20 cents to A$8.44, while in the Oil and Gas group, Claremont lost 18 cents to A$1.30, Vamgas 40 cents to A$9.00 and Santos 50 cents to A$5.00.

Among Gold Minings, Central Norseman slipped 20 cents to A$4.80 and GMK 30 cents to A$4.20.

In the Banking sector, National shed 7 cents to A$2.65, ANZ 10 cents to A$4.10 and Bank of New South Wales 13 cents to A$2.60.

Canada

An easier tendency prevailed yesterday morning in light trading. The Toronto Composite index was down 12.9 at 1,663.5 at midday, after volume of only 1.25m shares. Declines outpaced gains on the Exchange by 164 to 84.

The Real Estate and Construction index dipped 81.2 to 5,099.4, Oil and Gas 42.4 to 2,846.4, Golds 15.7 to 2,483.8 and Metals and Minerals 10.9 to 1556.3.

Among the actives, Gulf Canada was off ⅜ to C$13⅜ and Dome Petroleum ¼ to C$10¼.

Hong Kong

Anticipation of higher U.S. and local interest rates sent Hong Kong stock prices retreating yesterday after starting on a strong note.

The initial rise was an extension of a rally last Friday, which was sparked off by a relatively good result at a Government land auction. Only hours after the announcement here on Friday, however, the U.S. reported the unexpected jump in its money supply aggregates, immediately sending markets a signal that interest rates were likely to be ratcheted up this week. It is widely expected that the Prime lending rate at local banks will be increased by at least one percentage point from the current 16 per cent at the regular Banks Association meeting this Friday.

The Hang Seng index climbed an estimated 20 points at the opening, but an hour later selling pressure reversed the trend and the index finished at 1,248.35, down 21.69 on the day. Combined turnover was a moderate HK$231.94m on the four exchanges, against Friday's HK$263.24m.

Among Properties, Hongkong Land lost 10 cents to HK$8.05, Cheung Kong 20 ceots to HK$17.10 and Swire Properties 30 cents to HK$5.70.

The Hongs were hit worse, with Hutchison receding 50 cents to HK$14.80, Jardine Matheson 50 cents to HK$16.80 and Swire Pacific "A" 30 cents to HK$9.65.

All U.S. markets were closed yesterday for the Washington's Birthday holiday.

Tokyo

Scattered bargain hunting firmed some Blue Chips after last week's sharp fall, but trading was extremely thin due to uncertainty over the yen-dollar rate and U.S. interest rate prospects.

The Nikkei - Dow Jones Average, after Friday's fall of about 71 points and a fresh decline of 17.54 in the short Saturday session, recovered 21.43 to 7,694.18. The Tokyo SE Index picked up 1.60 to 569.46, while volume came to only 110m shares.

Dealers said sentiment turned slightly more bullish with the ending of one of the heaviest weeks for the settlement of margin buying positions, but news of possible EEC action against Japan in trade matters has started to worry investors.

Large-capital issues, such as Steels, Heavy Electric Machines and Shipbuilders, improved, reflecting an improvement in their margin buying positions. Toshiba gained Y8 to Y378, Mitsubishi Electric Y7 to Y317, Hitachi Y1 to Y714, Sumitomo Metal Y5 to Y220 and Hitachi Shipbuilding Y5 to Y205.

Several Precision Instrument shares, Motors and Light Electricals firmed on selective buying. Canon advanced Y24 to Y960, Victor Y60 to Y2,750 and Toyota Motor Y20 to Y1,040, but Sony lost Y20 to Y3,510.

Germany

Most shares lost ground, with the emergence of foreign investors as net sellers despite the weak D-mark leading to lively but uncertain trading after a slow start. The Commerzbank index shed 4.6 to 692.8.

In Steels, Mannesmann fell DM 3.40 to DM 138.80 on continuing doubts about the Siberian gas pipeline deal because of U.S. sanctions.

Among Engineers, MAN dipped DM 4.50 to DM 184.00 and GHH DM 2.50 to DM 191.50.

However, last week's West German Government go-ahead for three nuclear power stations helped Deutsche Babcock to gain DM 3.20 to DM 200.20, Siemens DM 1.50 to DM 219 and Brown Boveri DM 3.50 to DM 222.

Domestic Bond issues were easier for choice, with investors awaiting reaction from U.S. Bond markets to last Friday's news of a rise in U.S. money supply. The Buodesbank bought DM 17.9m of Public sector Bonds.

Paris

Bourse prices were mixed after fairly active trading, with yesterday's further decline in the Call Money rate to 14¼ per cent from 14½ per ceot having only a marginal influence on sentiment.

One comment-provoking development yesterday was the announcement by the Brokers' Association that trading in the securities of the banks and corporations to be nationalised will resume on February 18 for a period of several weeks. The only difference will be that the stocks and Bonds of these concerns are now effectively entitlements to the indexed compensation Bonds which the Government is to issue some time in April.

Peugeot put on FFr 3.5 to FFr 192.5 after subsidiaries Automobiles Peugeot and Automobiles Citroen both announced higher 1981 net turnover.

In Electricals, Thomson CSF rose FFr 6 to FFr 246 after reporting higher provisional consolidated net turnover for 1981.

Singapore

Share prices generally fell afresh in moderate activity, with the Straits Times Industrials Index retreating 20.85 to 729.97.

Stocks are being influenced by outside factors, including the Hong Kong market and concern over the hefty U.S. Budget deficit and fears of persisting high U.S. interest rates, a broker commented.

Genting lost 42 cents to S$4.36, Straits Trading 45 cents to S$8.50, United Motor Works 29 cents to S$4.86 and Malayan United Industries 32 cents to S$3.22. Seaview Hotel receded 25 cents to S$5.50 and Hong Leong Industries 35 ceots to S$8.75.

Johannesburg

Gold shares were mostly easier after fairly active trading in line with the Bullion price.

Industrials were mixed to lower. Rennies shed 10 cents to R5.40 ahead of results. However, Edcon advanced R2 to R14.50 on news that SA Breweries, up 8 cents at R4.95, had taken over control of the company.

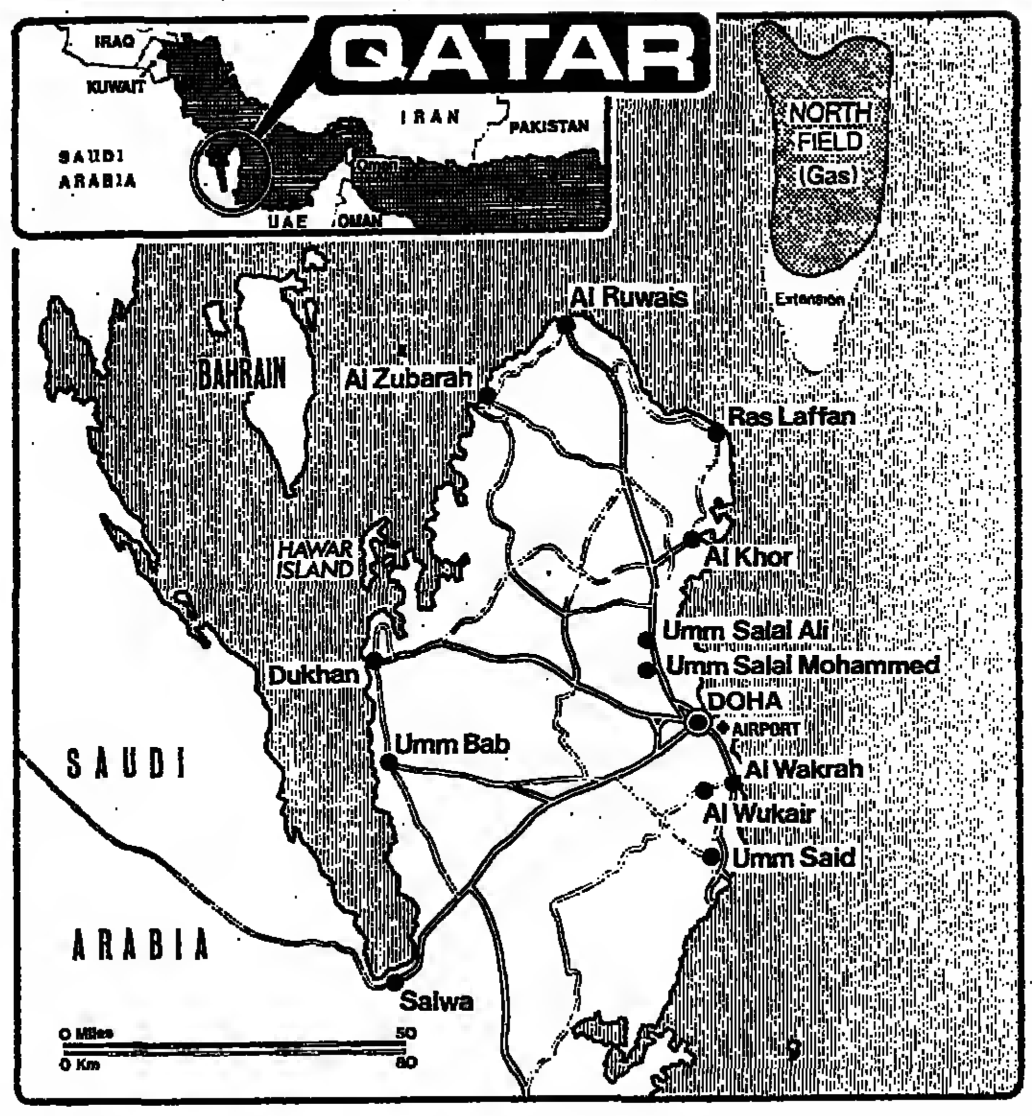
FINANCIAL TIMES SURVEY

Tuesday, February 16 1982

Sheikh Khalifa bin Hamad al-Thani, Emir of Qatar

QATAR

Ten years of growth and stability under the Emir, Sheikh Khalifa, enables Qatar to withstand the turbulence in the region with cautious confidence. Its gas reserves should ensure future prosperity.



Advocate of co-operation

BY RICHARD JOHNS, MIDDLE EAST EDITOR

"I THINK it would be a pity if Qatar disappeared as a separate entity," wrote Mr A. P. Trevor, British Political Resident in the Persian Gulf, on May 23, 1921. His sentiment was expressed out of concern about the expansion of Saudi dominions and the threat then posed to the Emirate with which Great Britain had entered into a treaty relationship five years previously.

If Mr Trevor were to return he would, no doubt, be astonished at the aplomb with which Qatar has established itself as an independent entity in the immediate Gulf environment and within the wider community of Arab states.

Next week's celebrations marking the 10th anniversary of the accession of the Emir, Sheikh Khalifa bin Hamad al-Thani, will emphasise the growth and stability enjoyed by Qatar over the past decade.

While the one has been made possible by oil revenues which increased from $122m in 1970 to $5.37bn in 1980, the other is very much the achievement of the Emir, the most able of the leaders of the region's traditional regimes.

As for Saudi Arabia, an oil power of immeasurably greater power and influence, its proximity—far from being a source of anxiety—is now one of reassurance at a time of turbulence in a region where the Pax Britannica maintained the status quo and order until as recently as 1971.

A peninsula protruding prominently from the Arabian mainland into the Gulf, Qatar is still something of an island unto itself, the most reserved and anonymous of the conservative oil producing states. Seemingly introverted and self-preoccupied, it presents an almost inscrutable face to the wider Arab world.

Qatar's appearance of passivity, however, has barely disguised the fact that it has watched with apprehension developments in the region over the last three years—the emergence of Ayatollah Khomeini's radical regime in Tehran, the surge of religious fundamentalism and Shiite militancy, the outbreak of the Iraqi-Iranian conflict, the Soviet occupation of Afghanistan, and Israel's tightening grip over occupied Arab territories.

Qatar's traditional regime and society felt the same alarm as their Saudi counterparts over the discovery late last year of an Iranian-backed plot to overthrow the established dynasty in Bahrain. The Emir, Sheikh Khalifa bin Hamad al-Thani must have pondered gravely over the recent course of the Gulf conflict and the indications that Iran is winning the upper hand.

An ardent participant in the creation of the Gulf Co-operation Council, which last year formally grouped the six conservative Arab oil-producing states, he is understood to have been in favour of the joint security pact now under discussion before Kuwait was suddenly converted to the concept by events at the turn of the year. He was the earliest advocate of a Gulf common market and economic co-operation.

Antagonism

Shrewd and hard-headed, Sheikh Khalifa is as well aware as any of his peers of the common interest in self-preservation which dictates close collaboration. It is relevant to recall that he, as Crown Prince and Prime Minister, was for a long time in favour of Qatar joining the wider federation of nine, including Bahrain, which Britain sought to form before its departure from the Gulf.

Not the least reason for the failure of the plan and the emergence of a United Arab Emirates restricted to only seven members was the historic antagonism originating from the Al Khalifa dynasty of Bahrain's suzerainty over Qatar.

Bahrain's continued possession of the Hawar Islands only a mile-and-a-half from the coast of the peninsula, to which Qatar reasserted its claim two years ago, is a continued source of latent tension. As yet Saudi mediation has failed to resolve the dispute. But Sheikh Khalifa has not let the issue affect Qatar's positive participation in moves towards the harmonisation and collaboration of policies.

For the most part Qatar has been content to follow the lead of Saudi Arabia in regional politics but has diverged from it on the question of oil prices within the Organisation of Petroleum Exporting Countries, most notably during the split in the first half of 1977 and again the 1979-81 period of disarray which only came to an end last autumn. With oil reserves only 2 per cent of those officially acknowledged by Saudi Arabia and accounting for rather less than 3 per cent of total Opec output last year, Qatar is one of the minor figures in the producers' association.

Qatar felt the painful schism in the Arab world caused by the Camp David accords and Egypt's peace treaty with Israel as painfully as Saudi Arabia. The Emirate invested heavily in late President Sadat's moderate, pro-Western regime in the form of aid. Sheikh Khalifa saw its survival as an insurance for that of the conservative regimes of the Gulf. Moreover he had a close and friendly relationship with the late Egyptian leader.

Bridgeheads

In the event Qatar had no choice but to join in the ostracisation of Egypt, even though the Emir had initially hoped Sadat's initiative might lead to a comprehensive peace settlement satisfying Palestinian aspirations.

In his address to his Advisory Council last November Sheikh Khalifa, whose language is not rhetorical, made reference to "the disastrous state of divisions" in the Arab world and asserted that "confronted by such a tragic state of affairs, our Arab policy is now mainly concerned with a call for the reconstruction of those bridgeheads which have suffered destruction and for the revival of that equitable and fraternal dialogue." It amounted to a heart-felt plea to President Mubarak to rejoin the Arab fold.

Sheikh Khalifa's support for Palestinian rights is not a matter of lip-service or expediency, according to those closely acquainted with him. His concern on this score has been nurtured rather than dictated by the presence of an important Palestinian minority in his domain, many of whom hold key positions. Even so, the

CONTINUED ON PAGE VI

QATAR'S BASIC STATISTICS

Population: 250,000 approx.; of whom Qataris number 75-80,000.

Area: 11,000 sq km

Currency: Qatar Riyal; £1 = QR 6.81

Trade, 1980:
Exports: (f.o.b.) QR 21.2bn
Imports: (c.i.f.) QR 5.26bn

Crude oil:
Exports (1980): QR 19,701m
Production: 405,000 barrels a day in 1981.
Proven reserves: 3.434m.bn barrels (1.1.82 estimate)

CONTENTS

● Editorial production of this survey by Mike Wiltshire.
Design by Philip Hunt.

Economy almost totally reliant on crude oil revenue

QATAR, LIKE other members of the Organisation of Petroleum Exporting Countries (Opec), has only accepted with grudging acquiescence the inevitability of lower oil prices in the face of market realities. It is a modest producer compared with its fellow states in the Gulf—Kuwait and the United Arab Emirates.

Nevertheless, it has been able to regard with equanimity the sagging market for the commodity on which it depends for its existence. A cautious development policy and parsimonious control of financial resources will ensure again a healthy budgetary and balance of payments surplus this year.

In Qatar the greater part of economic activity probably over 90 per cent is generated by the state's disbursements. Policy, which is whole-heartedly appreciated by Qatar's merchants and contractors, has been generally to restrain expenditure as a means of curbing inflation, which reached an unacceptably high level in 1976-77. It is one reinforced by the Emir's tendency to take his time deliberating over decisions on development projects and the liquidity squeeze resulting from the Government's insistence on sticking at an interest rate ceiling of 9.5 per cent for advances.

Qatar's published budgets are presentational in nature and no information is given about actual disbursements. Exclusion of figures for aid, defence and the stipends paid to members of the ruling family hardly matters anyway from the point of view of economic activity. Vital, however, is the fact that appropriations have always been under-spent. For instance, the budget for the Hijri year equivalent to 1981 at QR 8.95bn ($2.34bn) was up 35 per cent on 1980. But less than 50 per cent of the total sum allocated, as in the previous year, is reckoned to have been actually spent.

As it was, the Government succeeded in reducing the rate of growth in money supply (M2) from 54.8 per cent in 1976 to 9.6 per cent and 17 per cent in 1979 and 1980 respectively. It has massively subsidised and stabilised the prices of a wide array of staple commodities. Diplomatic estimates are that the rate of inflation has now been cut to about 9 per cent compared with about 15 per cent in the three years 1978-80.

The evidence is that, having picked up in the latter half of 1980, business activity continued to expand last year. The current budget certainly looks deflationary. It covers an 18-month period from October 1981 to March 1983 so that future fiscal years will be more in line with peak periods of business activity.

Appropriations are only 62 per cent of those for the previous 12-month period, a fall largely but not wholly accounted for by the fact that the budget of the Qatar General Petroleum Corporation is excluded. Moreover, some of the projects itemised, like new ministerial buildings, appear to have been deferred. Ironically—and characteristically—one of the biggest construction schemes—the QR 500m extension to the Emir's palace—is not officially acknowledged at all.

Liquidity

Hopes of a resurgence stimulated by the infrastructure and township notionally planned for 10,000 people which would be required by full development of the North Field are still a long way from materialising. More immediately, the allocations of QR 1.7bn for other activities is understood to include some QR 1bn for land purchase and should help inject some liquidity into the market.

With the exception of those enjoying Government deposits or old-fashioned customers of substance who abhor usury, the banks are finding it as hard as ever to attract riyal deposits or extend advances. The outflow of funds and drain on liquidity can be seen in fairly dramatic form in the latest consolidated balance sheet for last November. Outstanding credit was up 16 per cent to QR 4.37bn, which actually exceeded local currency deposits, themselves up by 6 per cent to QR 4.13bn. Over the same period foreign currency deposits increased nearly one and a half times from QR 1.17bn to QR 2.88bn.

Qatar's own trade figures for 1981 are not yet released. But OECD statistics for the first eight months show their exports (f.o.b.) to Qatar were running at only 4 per cent above the level of the previous year. Qatar's own statistics showed an actual decline in imports from QR 5.37bn in 1979 to QR 5.26bn in 1980. The reduction was explained by the drop in imports of machinery following the completion of major industrial projects including the petrochemical and liquefied gas plants, but it was still the biggest SITC category, accounting for 30 per cent of visible merchandise in 1980.

The UK maintained its position as second biggest supplier, one it has held since 1976 when it was ousted from first position by Japan. In trade, the nexus with the UK is strong and strengthened by the considerable British presence, estimated at 6,000.

Qatar continues to be almost totally reliant on oil revenue. No official figures are available for last year—indeed there is a dearth of accurate and detailed statistical information generally. In 1980 revenue from crude oil accounted for nearly 92 per cent total income. Most of the balance came from the profits of various investments within the state itself, and sales of liquid petroleum gas as well as some refined products.

In 1981 proceeds from oil exports would have been of the same magnitude. The 14 per cent fall in shipments in 1981 was offset by the increase in official prices set at the beginning of the year, which were supplemented by the premium charged to Japanese customers during the first four months. Only last two months were per barrel receipts reduced as part of Opec's realignment of prices.

Export target

Indications are that Qatar will have difficulty in maintaining the export target of 400,000 barrels a day which it just failed to achieve last year as the volume of sales dropped in the second half of the year. The level aimed at, however, evidently has more to do with output of associated gas than the state's financial requirements.

Though not necessarily comprehensive, the only consistent series of figures with any relationship to gross expenditure are those published by the Qatar Monetary Agency (QMA). This series shows a cumulative financial surplus from 1974 to 1980 or QR 22.99bn (the equivalent with appropriate adjustments in the exchange rate of $6.05bn).

Concessional aid in this seven-year period (as recorded by the OECD) amounted to $1.61bn. That is reckoned to work out at annual average of 7.8 per cent of Gross Domestic Product, the highest rate in the world—though, it should be added, there is no official estimate of Qatar's GDP.

Qatar cannot be considered a surplus state in the sense that Saudi Arabia and Kuwait are, even if its foreign assets are large in proportion to the indigenous population. The figure probably now totals $8-9bn, not a substantial amount when the cost of developing the gas reserves contained in the North Field is considered. In addition there are the state's 40 per cent stake in CDF Chemie's $300m petrochemical plant at Dunkirk, its shares in various pan-Arab ventures and certain investments, all of which are the responsibility of the Ministry of Finance and Petroleum Affairs.

Most of the other accumulated assets are in the charge of the Qatar Investment Board, an ad hoc group of experts which meets periodically. Its operations are clouded in considerable secrecy. It is known to have sought a broad range of investments including equities, in a wide range of currencies.

Eventually Qatar may have to look upon its investments as at least a supplementary form of income to maintain the standard of living to which its citizens have become accustomed. As it was, the state—or more specifically the present Emir—decided from an early stage to maximise exploitation of hydrocarbon resources and promote industrial diversification based on the use of associated gas as feedstock and fuel. The decision to proceed with the construction of a fertiliser plant was taken as early as 1969 and it has been in operation since. Other early projects like cement production and flour-milling were designed to satisfy local consumption.

It still remains to be seen whether the return will justify the considerable investment, amounting to over $2bn so far, in export-orientated industrial projects. After an initial four-year period of uncertainty, caused largely by technical difficulties, the Qatar Fertiliser Company (QAFCO) has proved its viability—subject to the proviso that the gas has been provided free or at nominal cost—and with its doubled capacity has achieved handsome results in 1980 with a net profit up 25 per cent. Cumulative profit from 1974 to 1981 was QR 240m after making allowance of QR 623m for depreciation.

The Qatar Steel Company and Qatar Petrochemical Company (QAPCO) came on stream in 1978 and 1979 respectively.

Over the past year QAPCO's fortunes have been adversely affected — though not to the point of putting it in the red — not only by low world prices but the problems with supplies of gas from the off-shore oil fields. The result of this failure has been even more serious for QAPC, which has received only about half its required feedstock. The two NGL plants have also suffered, quite apart from the slump in the demand and price for liquid petroleum gases.

In its plans for full utilisation the Government erred in over-committing supplies without making any margin for error or foreseeing that oil production, either because of market factors or for reasons relating to conservation, might being lowered.

Sooner rather than later the Qatar Government must go ahead with at least limited development for its own domestic purposes of the North Field. The critical decision facing it relates to the timing — possibly even the principle — of constructing the facilities for LNG. Some observers — their view perhaps limited or distorted by the present glut of gas projects already launched — would argue that it would be both safer and more profitable for the Government to get an ensured rate of return by placing the money abroad.

Exploiting ground-water resources Qatar continues in its attempts to fulfil an agricultural potential necessarily limited by the arid climate and soil. There are no fewer than 650 farming units of various kinds and sizes. The Government can claim a self-sufficiency in vegetables during the winter and satisfaction of about half of summer demand. Livestock and poultry production has increased significantly. A major attempt is being made to reactivate the fishing industry following the Government's take-over in 1980 of the defunct Qatar National Fishing Company. That seems only appropriate—fishing was the main economic activity and provided basic sustenance in the days before oil gushed.

Richard Johns

Moves to exploit vast gas reserves

THERE IS an air of suspense in Doha as the Government deliberates on proposals submitted by oil companies for participation in the development and exploitation of the vast gas reserves contained in the North Field — formerly known as the North-West Dome. A decision was expected late last year. Mr Ali Jaidah, Managing-Director of the Qatar General Petroleum Corporation, now says that an announcement is "imminent."

Given the publicity given to the project—on which the state's economic viability may largely depend in 20 years' time—any lengthy delay would be something of an embarrassment.

Yet even if QGPC does make its opinion known in the near future, there is uncertainty as to when and what form the full-scale project involving the export of Liquid Natural Gas will be implemented. In effect, the decision will immediately relate to the selection of a partner or partners and the signature of a letter of intent.

Certainly there can be no doubt about the determination of the five main contestants to become involved in the project planned to exploit a gas field generally reckoned to contain the world's largest single concentration of gas reserves unassociated with oil production. British Petroleum, Shell, Compagnie Francaise des Petroles, Wintershall and Roy M. Huffington seem all to be equally serious contestants in the competition.

Though perhaps rather less enthusiastic, the two Japanese groups which have been talking to QGPC about transportation and shipping are clearly anxious not to be left out of the development. Originally, five Japanese companies were contacted. Subsequently, they divided themselves into two groups — one composed of Mitsui and Mitsubishi and C. Itoh and the other of Marubeni and Nissho-Iwai. QGPC does not want any investment in the transportation and marketing side.

QGPC envisages drawing 2bn to 2.4bn cubic feet of gas per day in a two-phase project. The first would be to utilise gas for local consumption and the second to process some 6m to 7m tonnes annually of liquefied natural gas (LNG) for export. The Government's intention is that the off-shore production facilities should be wholly owned by QGPC, but that foreign partners should take a 20 per cent equity stake in the LNG plant with the prospective Japanese share set at 5 per cent to be situated at Ras Laffan, which would be connected the Umm Said industrial area by pipeline.

Initially, Qatar would probably need some 760m cubic feet per day (cfd) for its own purposes, though Mr Jaidah indicates that its eventual requirement would probably be some 1bn cfd. The proposed exports of 6-7m tonnes of LNG yearly would be the Btu equivalent of 8.4-9.8bn cubic metres of gas pumped from the Soviet Union to Western Europe. In the longer-term, however, such a flow would drain only a small part of the state's reserves.

With only nine wells so far drilled 10,000 ft down into the Permian Khuff Zone, the potential of the structure, which covers some 1,000 sq miles, has not been delineated with any precision.

ONSHORE AND OFFSHORE GAS PRODUCTION
(Figures in million cubic feet)

	1979 Associated	1979 Non-associated	1980 Associated	1980 Non-associated	1981 Associated	1981 Non-associated
Onshore	96,000	64,000	84,000	80,000	80,000	95,000
Offshore	70,000	—	60,000	—	47,000	—
Total	166,000	64,000	144,000	80,000	127,000	95,000
Daily average:						
Onshore	263	175	230	219	219	260
Offshore	191	—	164	—	128	—
Total	454	175	394	219	347	260

Source: Qatar General Petroleum Corporation.

Confirmation

QGPC confirms thet the proven reserves amount to some 100-120 trillion (million million) cu ft and probable reserves at 300 trillion. At a daily extraction rete of 2bn to 2.4bn cfd, the lower figure would give e productive life for the North Field of 115 to 135 years and the higher one of 345 to 405 years.

Quite apart from that there are the difficulties in setting a price seven or eight years ahead, the expected period of implementing the LNG project.

Original proposals were submitted last summer on the basis of a broad outline of the project put forward by a technical sub-committee (chaired by Sheikh Rashid al Awaidah al Thani, Deputy Managing-Director of QGPC) which will make recommendations to the Government.

The proposals amount to partial feasibility studies mainly concerned with the technical and engineering aspects but hardly touching the crucial issues of marketing, pricing and the rate of return apart from tha process.

QGPC is looking to prospective partners to find customers. It had originally assumed that Japan would provide a market but has now been informed that it has secured supplies sufficient to last until 1990. The U.S. is ruled out, leaving West Europe as the best immediate hope. But prospects now seem clouded by the undertakings of France, West Germany and Italy to purchase far greater volumes of gas than the LNG which Qatar is initially planning to supply.

Nevertheless, Wintershall's hopes of being the chosen partner rest on its existing stake in the North Field through its production sharing agreement with QGPC covering the southern part of the structure (containing lesser quality gas at lower flow rates) and also the possibility that it might provide a market. But its lack of experience of large-scale projects point to BP and Shell, which have a long association with Qatar, as the most likely winners. The latter, moreover, first discovered the gas field in 1972 and has first-hand knowledge of the structure.

For its own domestic purposes, Qatar must proceed with the development of the field in the near future.

With increased demand for gas to satisfy the needs of its power generators and industries, it may require the gas as early as 1986 or 1987. Harnessing a sufficient amount would not be a complicated exercise. Initially, a platform, half-a-dozen wells and a pipeline ashore would probably be sufficient.

The gas would be relatively expensive if implemented in isolation. However, QGPC and the companies concerned seem agreed that it should be undertaken as the first phase of the bigger project.

All the indications are that there will be a time-lag between the implementation of the two and that the construction of the LNG plant will be delayed.

Quite epart from the promise of the North Field, Qatar's policy has been fully to exploit the associated gas which would otherwise go to waste and to maximise the return from it, either in the form of fuel or feedstock.

Strategy has gone away, anyway, because plans for utilisation were based on a much higher level of oil production than the actual rate maintained since the 1973-4 escalation of prices. Plans for power generation and industrial usage evidently presupposed a flow of at least 600,000 b/d, generating roughly 600 c.f.p.d. of gas.

Supply of 400m cfpd from an oil production rate of 400,000 b/d falls far short of demand from various users. Any deficit has to be compensated for by drawing on non-associated gas from the Khuff Zone under the Dukhan field, which the Government has increasingly tended to look upon as an emergency reserve although some 150m cfpd has been set aside as the most suitable for the Qatar Steel Company.

Problems have been compounded by the serious technical problems experienced with the pipelines from the off-shore field since the system first came into operation in December, 1979.

Associated gas from Dukha is gathered and fractionalised at a central plant at Fahalil. The "lean" or tail gas (methane) is distributed by pipeline for the power generation complex at Ras Abn Abboud, the Qatar National Cement Company, at Ummm Bab, and the Qatar Fertiliser Company for which it also provides feedstock.

The liquids were allocated to the first Netural Gas Liquids plant, known as NGL I, for processing into Liquid Petroleum Gas (propane, butane and condensates) for export. The optimum flow of gas was put at 340m cfpd.

Explosion

Commissioned in 1975 and built et a cost of QR900m it was destroyed in the explosion of April, 1977. The replacement facility was finally completed towards the end of 1980.

Gas from the off-shore fields was ear-marked for NGL II which was commissioned at a cost of QR1.7bn and started operations towards the end of 1980 with a maximum capacity presupposing a supply of 250m cfpd. In addition, all the ethane-rich gas from off-shore as well as on-shore is needed for the Qatar Petrochemical Company's steam-cracker to run at full capacity.

Difficulties in bringing off-shore gas were encountered as soon as the system was commissioned in December, 1979, and have plagued it ever since.

Since hydrogen-induced corrosion was discovered there about a year ago, the pipeline designed to bring ashore the gas (after its initial separation for transportation purposes) had to be closed down. It has been used only intermittently since, not the least because of the build-up of an accumulation of ferro-sulphide in the liquids pipeline, and a cause of dispute; Shell, which installed the system, claims that the "sludge" originated from the oil structure —an explanation about which the QGPC is sceptical.

Shell has acknowledged that the specifications for the on-shore section of the gas pipeline were not right and agreed to replace the onshore section of the pipeline which was said to constitute a potentially dangerous hazard. The prospect is that a new off-shore section of it (and another liquids' pipeline) will have to be laid.

Problems have been alleviated only partially by raising output from the Khuff Zone which has estimated reserves of 1.5 trillion cubic feet and e maximum extraction rate of 600m cfpd. The rate of production rose in 1981 to 260m cfpd compared with 219m cfpd in 1980.

Exports of LPG were badly hit and only yielded earnings of $220-230m last year. Given the drop in demand—and prices—it was easy enough to phase out contracts.

Worst affected was QAPCO which received only half of its gas requirements last year with the result that it suffered what are believed to have been severe cash flow problems. QASCO, and the plant of the Qatar Fertiliser Company, were also seriously affected. The troubles with gas supply have made the development of the North Field a matter of urgency.

Richard Johns

NATURAL GAS PRODUCTION AND USES
(Figures in billion cubic feet)

Year	Production: Associated	Production: Non-associated	Production: Total	Domestic uses: Associated	Domestic uses: Non-associated	Domestic uses: Total
1979	166.0	64.0	230.0	52.0	63.0	115.0
1980	144.0	80.0	224.0	35.1	72.2	107.3
1981	127.4	94.4	221.8	91.3	70.9	162.3

Source: Qatar General Petroleum Corporation.

Oil output hit by market surplus and lower demand

QATAR IS not the only member of the Organisation of Petroleum Exporting Countries (Opec) to bave felt the affect of lower demand for oil and the surplus on the market over the past year. Production dropped in 1981 by 14 per cent compared with 1980 to an average of 404,887 barrels a day (b/d), the lowest level since 1970, but was in line with the Government's target for the year as a whole. Since last summer the aim has been exports of 400,000 b/d.

It is doubtful whether the rate can be sustained for the year as a whole. In December, for instance, output ran at only 341,965 b/d and is believed only to have improved marginally to 350-360,000 b/d last month. Failure to achieve the target will inevitably have fairly serious consequences for the supply of associated gas to Qatar's industries. The shortfall will bardly matter as far as the state's revenue requirements are concerned, however, and taking a long-term view the Government can hardly grieve over a slower depletion of the wasting asset on which it has depended for its livelihood over the past three decades.

Qatar's oil reserves were reckoned at the end of 1980 to amount to 3.58bn barrels, below those of any other members of tha producers' association except Gabon and Ecuador, according to statistics published by the Secretariat last year. At a production rate of 400,000 b/d that would give a life of 25 years or so for its oil fields. Projections published recently by Opec predicted Qatar's production falling to 300,000 b/d by 1985, 200,000 b/d by 1990 and 100,000 b/d by 1995.

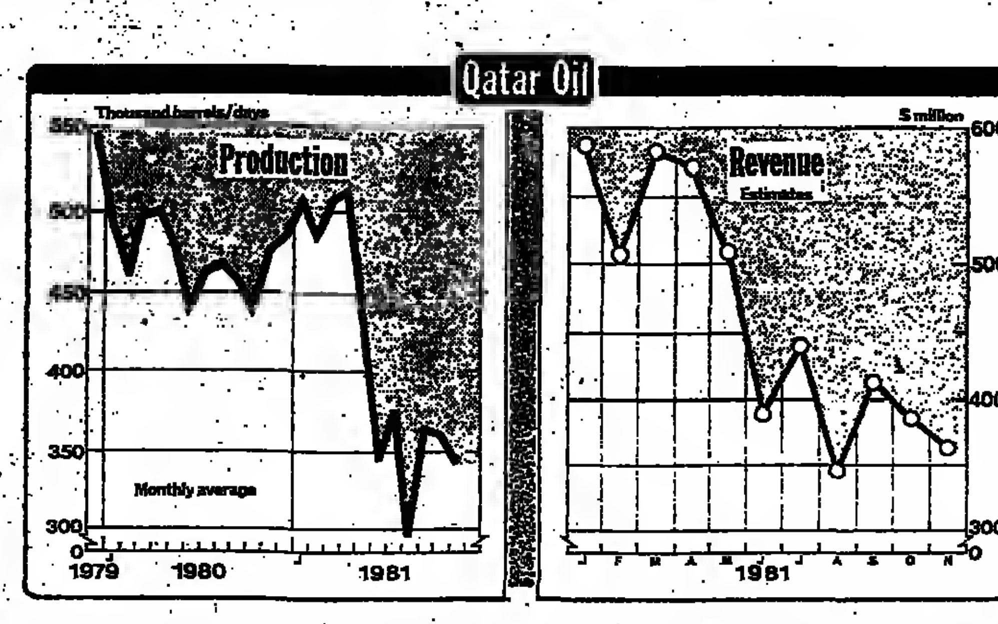
The life of the fields could be extended further through secondary recovery techniques. The Qatar General Petroleum Corporation (QGPC) is currently investing heavily in water injection to maintain reservoir pressures. More recent estimates of reserves bave put the recoverable amount at nearly 4.7bn barrels. Nevertheless, even on the most optimistic assumptions an end to Qatar's oil production by the second decade of the next century is in sight.

Maximum

Full rated capacity was put at 650,000 b/d four years ago, when there was even talk of raising it to 1m b/d. On the basis of more reasonable calculations about optimum recovery the maximum is now set at abont 525,000 b/d.

As part of the agreement wbereby 10 members of Opec undertook to reduce output last May in an attempt to strengthen the sagging market Qatar reduced its maximum allowable production to 417,000 b/d. *Policy is that both off-shore and* on-shore fields should export at the rate of 200,000 b/d, with the balance going to supply the 10,000 b/d refinery at Umm Said.

A new 50,000 b/d refinery to be completed by 1983 is being constructed by Technip, the French company, whicb will leave a surplus for export. The volumes will be small, however, and it is unclear bow QGPC will market the products.



Output held up well in the first four months of 1981 when it ran at rather more than 500,000 b/d and exceeded the maximum permissible of 470,000 b/d, the limit set in 1978.

Production then plummeted during the summer, dropping to a mere 295,000 b/d in August —the lowest level for six years. The average achieved during the second half of 1981 was 345,000 b/d compared with 464,700 b/d during the first six months. The fall was far more drastic for the off-shore fields, whose output slumped to 102,042 b/d in December and averaged only 181,085 b/d for the full year. In Doha the suggestion that the higher rate for the on-shore Dukhan crude was accounted for by the need to maintain the maximum flow of gas—because of the technical problems with the pipelines from the off-shore fields—is discounted. It was a matter of market demand, according to QGPC officials.

Lack of appreciation of market realities was such that QGPC tried to maintain the $6.50 premium imposed on Japanese purchasers a year previously in very different circumstances, when their contracts involving 125,000 b/d of crude expired at the end of March. Tha premium gave a rate of $43.92 for Dukhan 40 degrea crude (with a sulpbur content of 1.3 per cent) and $43.73 for the less desirable marine 36 degree crude (with a sulphur content of 1.5 per cent), compared with official selling rates at the time of $37.42 and $37.28 respectively.

That Qatar should bave been able to exact such a premium in 1980 could only be explained by psychosis abont supplies on the part of Japanese customers at the time. The demand was certainly untenable by the spring of 1981. Mitsubishi, Sumitomo, Mitsui, Nissho-Iwai and C. Itoh refused to enter into new contracts incorporating the premium. QGPC climbed down and the first three entered into new contractual arrangements, bur at a reduced volume of 50,000 b/d.

Subsequently, as part of the realignment of OPEC prices last October, the rate for Dukhan was lowered to $35.65 and that for Marine to $35.50. As a result of the further adjustment of differentials agreed upon by OPEC last December a price of $35.45 was set for Dukhan and $35.30 for Marine.

The greater part of Qatar's oil reserves are stilt contained in the on-shore Dukhan fields, where the recoverahle amount was estimated last year to be 2.4bn barrels, even though they have been exploited over a period 15 years longer than the more recently developed producing facilities off-shore.

Dukhan consists of four separate reservoirs, the last of which came on stream only last year. The three main producing areas are at Khatiya, Fahahil, and Jahiha — the last came on stream only last year — which are connected by the trans-peninsula pipeline to the deep-water terminal at Umm Said. The highest level of output achieved was just over 250,000 b/d in 1973. Last year the rate was 212,200 b/d.

Shell's first discovery offshore, where reserves were last year calculated at nearly 2.3m barrels, was not made until 1961. Output started in 1964 from Id el Shargi, in 1965 from Mydan Mahzam and in 1973 from Bul Hanine, the largest of the three (situated in territory once the subject of a border dispute which was settled in 1966). Shipments are made from the terminal on the island of Halul. Record output of nearly 320,000 b/d was achieved in 1973. According to present indications, production will decline earlier off-shore, in ten years or less, than on shore.

In addition Qatar has a half-share in the Bunduq field which straddles the offshore median line with Abu Dhabi. Under a complicated arrangement it is operated by Abu Dhabi's off-shore operating company on behalf of the United Petroleum Development Company (UDP) of Japan. Output had reached 10,000 b/d by the summer of 1979 when the state ordered a halt to operations because of a drastic fall in gas pressures.

Concessions

Agreement was finally reached at the end of 1980 on a secondary recovery programme involving an investment of some $300m and aimed at more than doubling the field's recoverable reserves to 125m barrels. It is not scheduled for completion until the end of 1983. Qatar and Abu Dhabi bave made some concessions in terms to alleviate UPD's problems. But the group, whose shareholders include several major power companies, is facing severe financial difficulties as a result of the prolonged halt to operations.

Winterball, the West German group which is part of the BASF group, is continuing to explore areas to the north-west and north-east of the peninsula relinquished by Shell a decade ago. It is the operator (with a 32.5 per cent share) for a consortium whose other members are Koch Industries (35 per cent), Veba Ohel (12 per cent), Deutsche Schachtau (10.5 per cent) and Gulfstream of Canada (10 per cent).

The 30-year agreement concluded in 1973 was changed three years later into a production sharing one on a 80:20 basis in favour of the Government. No oil has been discovered but the north-east covers part of the North Field.

QGPC has been in no burry to enter into new service contracts for the operation of its producing operations. The first five-year arrangement with the Dukhan Services Company expired last year but still has not been extended or replaced. Mr Ali Jaidah, managing director of QGPC, confirms its preference for one company to take responsibility rather than the old consortium which now has little raison d'etre. The obvious candidate and favourite is BP. The off-shore contract with Qatar Shell Services Company comes to an end this year. The indications are that Shell will be chosen.

There bas been talk of merging the two operations but the probability is that amalgamation will go no further than eliminating certain facilities which could be held in common. New terms, however, have yet to be decided. Rather than a per barrel fee QGPC is now thinking in terms of a fixed lump payment on an annual basis, according to Mr Jadah, who says: "We are still negotiating." Entitlements bave been lowered to 100,000 b/d for the partners in the Dukhan Services Company and 75,000 for Qatar Shell Services Company. Meanwhile the old contractual arrangements continue.

Richard Johns

Industry set to replace imports

THE FIRST phase of Qatar's gas-based industrial development programme came to an end early last year with the opening of the petrochemicals plant (QAPCO). There will be no more world-scale heavy manufacturing projects until new resources of gas for fuel and feedstock become available from the North Field; plans for a 150,000-tonnes-a-year aluminium smelter are among those shelved.

A law was passed in 1980 to regulate and licence all industries with an investment of QR 250,000 ($70,000) upwards and more than 10 permanent workers. The priority now is to encourage a range of import-substituting industries on a comparatively small scale, and Shaikh Abdulrahman bin Mohammed Al Thani, the deputy director of the Industrial Development Technical Centre (IDTC), says the yardstick for approval of such projects is that break-even point should be covered by local demand for their products. As far as possible they should take their raw material from existing industries or use the mineral and natural resources of Qatar.

As long ago as 1977 IDTC commissioned a French firm of industrial consultants, Serete, to explore possible avenues for development, and private sector investors—mainly the multi-activity local trading groups—are offered Government incentives to take up approved projects. The incentives include a soft loan (3 per cent with a two-year grace period) for up to 40 per cent of the investment and the provision of a feasibility study.

Well over 20 applications have been submitted and 15, with a total investment of some QR 200m, have been approved; in fact a dozen of the plants are already in operation, so the formal approval was a little slow in coming. The list includes a printing press, the manufacture of paint, insulated pipes for air conditioning and industrial gas plant, the processing of food and dairy products, precast and ready-mix concrete and leather dyeing.

Three projects are spin-offs from existing industries: a plastic bag factory taking low density polyethylene (LDPE) from the petrochemicals plant; a scrap recovery enterprise (Venture Gulf) to supply the steel plant and a salt factory which will take its raw material from the Ras Abu Fontas desalination unit.

New directory

The tower unit of a household detergents factory due for commissioning in two or three months is already a prominent feature of Doha's extensive Salwa Industrial Estate but the project is still on the pending list. The estate also houses longer established glass and aluminium fabricators, fibre-glass moulders (for water tanks and boat hulls), block factories, car repair shops and storage warehouses. An industrial directory due for publication by IDTC this month is expected to have up to 1,000 entries, although many of the enterprises listed will be very small-scale.

The more powerful local merchants are not particularly interested in pure import-substitution, according to one of their managers. "The domestic market is too small for serious manufacture but we are looking at something for export to the regional market." He said land-links with neighbouring consumers ought to give Qatar advantages in this field over Bahrain, and the traffic can be two-way; already trucks delivering steel to the UAE come back loaded with cement.

Qatar's own cement factory (QNCC), a joint venture between the Government and the local private sector, went into operation in 1969 at Umm Bab on the west coast near the quarry and the Dukhan oilfield. Despite the addition of two further kilns which have since boosted production capacity to 330,000 tpy, QNCC can meet only 40 per cent of domestic demand, according to IDTC. Plans to double the plant's present size are under study and prequalification by consultants has just been completed.

Qatar National Navigation and Transport Company has gone into crane manufacture as part of a diversification programme which includes shipowning and ship repairing; its 20-year exclusive concession on shipping agency, lighterage and cargo handling ends next year. A temporary marine workshop was set up in Doha at the end of 1976 and 18 months later a floating dock of 3,300 tonnes lifting capacity was moored at Umm Said.

Construction of workshops, a jetty and a shiplift of 1,000 tonnes capacity was completed at Umm Said in November last year, at a total capital cost for the shiprepair project of QR 80m.

On the same site "Navigation" started to manufacture overhead cranes under licence from Munck of Norway at the end of 1980; so far 19 cranes between five and 50 tonnes, with a span of up to 30 metres, have been exported to the UAE and Oman, and three have been delivered in Qatar.

The next step, says general manager Captain M. B. Mandour, will be satellite platforms and other construction work for the offshore oil industry. The company's cumulative profits over the past 10 years amount to QR 332m, and it has QR 230m of invested assets in the form of ships, plant and equipment.

The past year has not been easy for Qatar's major manufacturing industries, for reasons entirely beyond their control. Technically the performance of the fertiliser, steel and petrochemical plants has been highly satisfactory, but world recession has hit prices, and the industries using gas as feedstock have suffered shortages of supply.

The oldest of the three, Qatar Fertiliser Company (QAFCO), was the first user of flare gas from the onshore Dukhan oilfield. But demand has since grown from other consumers, and QAFCO's own plant has doubled in size, while at the same time oil and therefore associated gas production has fallen.

After a record year in 1980, when the company made an operating profit of QR 135m (equal to 25 per cent of total sales), managing director Mr Ingulf Skogestad said production was down in 1981 because of a 15 per cent shortfall in gas deliveries from Dukhan. World prices were also lower, and he expected the year's profit to be reduced to the order of QR 60m. QAFCO is now back to full production with the help of non-associated Khuff gas but in the interests of conservation there are plans to replace this with offshore supplies once the pipeline problems currently affecting deliveries are solved. However, the offshore gas has a higher sulphur content, and QAFCO will need to invest some QA 20m in a desulphurising plant due for installation in 18 months' time.

Steel appears to be Qatar's most glamorous industry in the eyes of local citizens, who are immensely proud of its production successes. Suleiman ben Tobai, head of the Arab Steel Union, puts the Qatar Steel Company (QASCO) second only to the well-established producers in Egypt and Algeria. The sole popular misgiving is that the energetic Japanese management may be driving the QR 1.1bn facility too hard, so that when they walk away from it there will be nothing worth leaving behind.

The eight-year management contract with Kobe Steel, which holds 20 per cent of the QR 300m capital, dates from the establishment of the company in 1974. It is currently being renegotiated, so obviously the Government does not share these fears. The second Japanese partner, Tokyo Boeki (10 per cent), has a ten-year marketing contract dating from the start of production in 1978.

General manager Dr Motomi Kano said that in 1981 460,000 tonnes of sponge iron was produced from the direct reduction plant, which has a rated capacity of 400,000 tpy, and 472,000 tonnes of steel bar were loaded for delivery to customers.

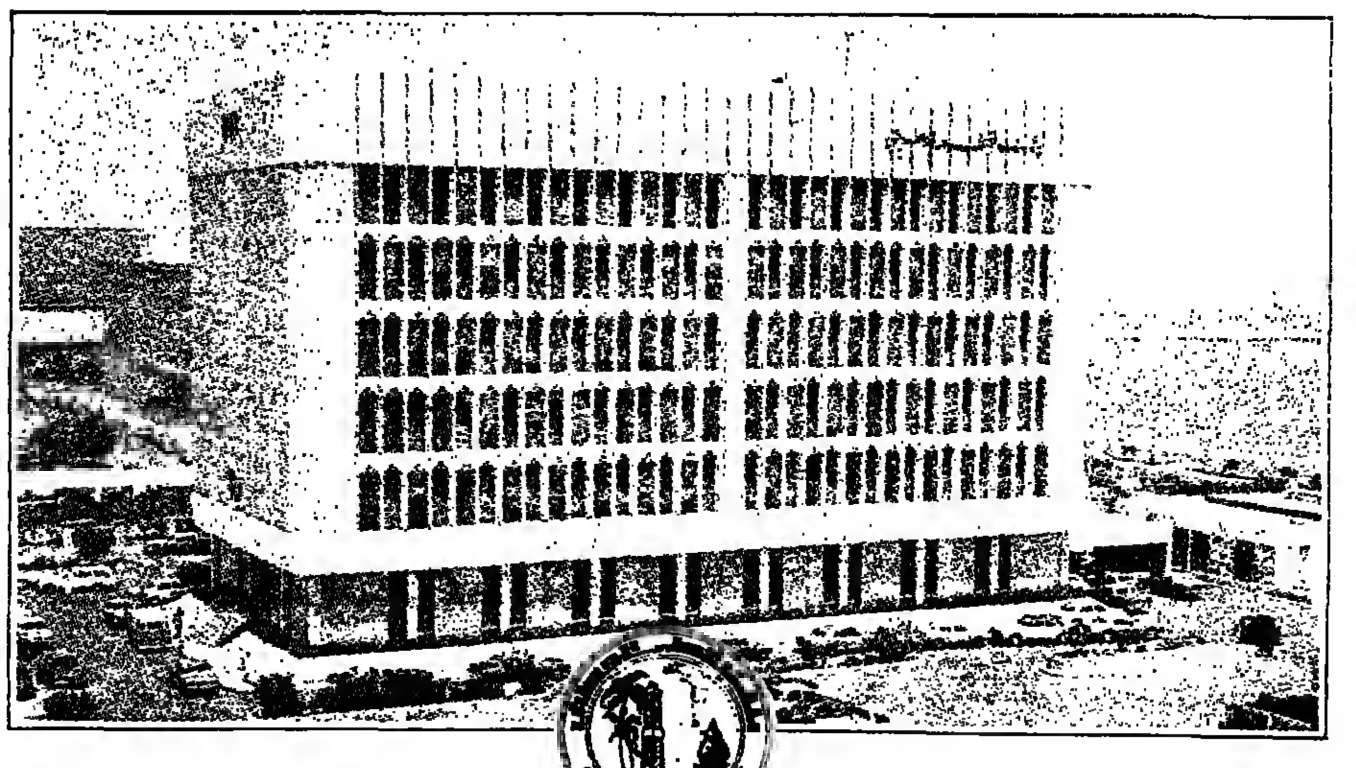
Highly rated

The home market, where QASCO steel is protected by a 20 per cent tariff barrier, now consumes 12-13 per cent of output; 50 per cent goes to Saudi Arabia, 30 per cent to the UAE and the remainder to Iraq and other Gulf states. Dr Kano comments: "Our productivity is very high and our quality is highly rated by our customers. But prices have dropped dramatically, reflecting the state of the world economy. In Saudi Arabia and the UAE the door is wide open to international competition, so we have to meet international prices. But the price war will end; no manufacturer can continue to sell at these levels and survive."

The forecast was that QASCO would take five years to start to repay its investment; the road to profitability may now be a little longer, although Dr Kano would not comment on that because "it is difficult to forecast the market."

The Qatar Petrochemical Company (QAPCO) complex, which went on stream in January last year and was inaugurated in February, was hardest hit by the shortage of gas, although it too suffered from a depressed market. To operate at full capacity QAPCO needs all the ethane-rich gas which can be produced by the NGL plants from both onshore and offshore resources; but with the interruption of offshore gas delivery the petrochemical complex was running at only 50 per cent of capacity, against a breakeven point of 75 per cent. By topping up with Khuff gas the company hopes to achieve 75 per cent from March onwards, but this is not an ideal solution as the non-associated gas is leaner in ethane. A final answer to the problem may come only with development of the North Field.

Mary Frings



Problems in the wake of education drive

JUST TO the north of present day Doha the new University of Qatar with its hexagonal honeycomb structure rises like a giant academic beehive. According to the Emir, Sheikh Khalifa bin Hamad al-Thani, the institution is the country's "most precious asset," with its graduates "the most valuable investment in our future."

The promotion of education has been one of the highest priorities of Qatar's Rnler in the decade since his accession in 1972. Large sums have been spent on buildings, equipment, bringing in teachers from the rest of the Arab world and in paying for students to study in foreign universities. A determination to see more and more of the country's institutions, Government and private, being run by nationals has necessitated a great leap forward in both the quantity and quality of educational provision in Qatar.

At QR 777.3m ($214m) education consumes 10 per cent of the published 1981-82 budget and unlike many other items this will almost certainly all be spent. In the last three years over 70 per cent of allocations (including the university) have gone on projects. New schools and others under construction can be seen in several parts of Doha and 156 more are planned for the 1980s.

Such provision is complemented by the policy of free state education at all levels for all in Qatar. It is compulsory up to the age of 15. The Minister of Education, Sheikh Mohammed bin Khalifa al-Thani, who is a brother of the Emir, claims that within the rapid development of Qatar as a whole over the last decade "no field has grown more quickly than education."

In terms of planned current projects, already under construction or at the drawing board stage, the largest are phases 1A and 1C of the university at a projected cost of $275m. With numbers in the temporary buildings presently housing the students close to the 4,000 total projected for these phases decisions to go ahead with phases 1B and 1D, together valued at over $120m, can be expected soon. A phase 2 taking the number of students up to 5,000 is also now being planned, according to officials at the university.

Although the Emir is the "Supreme President" of the university its day-to-day affairs are largely in the hands of its President (corresponding to Vice-Chancellor) Dr Mohammed Ibrahim Kazem. Dr Kazem, an Egyptian like many of the staff at the university, came to Doha in 1973 having been previously Dean of the Faculty of Education at the Al Azhar University, Cairo. It was in 1973 that the embryo of the university was started under Dr Kazem's direction with the opening of the Faculty of Education.

In the four years since the passing of the Emir's 1977 decree formally establishing the university, faculties of Science, Humanities and Social Science, Sharia and Islamic Studies and most recently Engineering have been added to the original Education. Faculties of Administration and Economics and Communications and Information are planned to open in 1983 when the university expects to be working on its new campus.

Outnumber

At present there are about 3,500 students in the university, two-thirds of them Qataris and the rest mainly Arabs from nearby Gulf States. Of importance is that female students outnumber males in the ratio of two to one and the segregation of facilities necessitated by law and tradition has meant some planning problems. However, the two "halves" of the new campus are far closer together than some of the more "rigid" parents would have liked, although the authorities insist it will still not be possible for the men actually to see the woman!

Education (1,350 students, predominantly women) and Social Sciences (600—and again overwhelmingly female) are the major faculties attracting Qatari students.

As well as the Qataris studying at home the Foreign Scholarship Department of the Ministry of Education says that there are a further 1,100 (of whom only one is female) studying abroad. Just over 55 per cent of these (the figure rises to two-thirds for post-graduates) are in the U.S. and a third are studying at universities in other parts of the Arab world, mainly in Egypt and the Lebanon.

Some British consultants have expressed concern at this trend towards studying in the U.S., fearing that in the next generation the previously close links with the UK might suffer as more and more American educated officials move into the ministries and local companies.

The total of Qatari post-school students, at home and abroad, is 2,800 of whom 1,700 are male (600 at home, 1,100 abroad).

What to do with the increasing number of female graduates is beginning to pose a problem for the authorities. According to Dr Kazem "most find jobs in the Ministry of Education but certain areas are already saturated (pupil teacher ratio is officially 18:1).

"However, next semester we will be starting a programme for art education and another for physical education and next year we are developing our science education to include training for laboratory technicians as well as science teachers."

The university has made history in its own right by using the two Qatari women with Ph.Ds to teach men and male lecturers teach the women—something neighbouring Saudi Arabia only allows on closed circuit television! Experiments in employing women teachers for boy's primary schools are also said to be under way.

Nevertheless, growing tensions about how to absorb women into jobs outside the more readily segregated area of teaching is causing high level concern. The increasing numbers of male Qatari's postponing marriage until late in their twenties is giving added emphasis to this.

Another problem faced by educational planners and the authorities generally is the need to make a basic manpower decision about their future requirements. At present it is the Government that gives work to all those educated Qataris that ask for it but as one official commented: "No government can go on expanding its civil service indefinitely, the private sector must absorb more." Yet in order to do this the notion that an executive/managerial position awaits each Qatari male graduate (about 400 per year) will have to be modified or even abandoned.

Related to this is concern about educational standards. The university, patterned after the middle to lower end of the U.S. system, seems to have concentrated on numbers rather than quality of its graduates. This is less critical where teaching is the main intended occupation but with the aim of keeping students from taking courses abroad ("The idea has always been to keep Qataris in the country until at least up to first degree level" says Dr Kazem), some fear that a "spiralling downwards of standards" will result. If this were to be the case then a consequent weakening of the existing government apparatus would seem inevitable.

Studying at home will also heighten the apparently deeply felt fear of failure that one study of Qatari undergraduates suggests comes close to a neurosis. "Failure at home where all will know about it will be far more difficult to live with than failure at some far distant minor U.S. university. How much hacking expatriate staff will get to resist pressures to let someone through is unsure and if they don't the consequent dilution of standards will be all the worse."

Frustrations

Finally, for many Qatari young men the years spent abroad are a welcome relief from the restrictions of life at home. If this is to be curtailed then the frustrations many of them are already showing could sharpen considerably.

Each night the screech of brakes and tyres are the most easily observable signs of this. "Our young man's favourite pastime is to drive his car aimlessly at top speed not only along the highways but also across the desert tracks and up the sand dunes," says Professor Melikian.

One young man in a letter to a local newspaper claimed "speeding is not the only offence we commit in order to escape from boredom . . . some of us drown ourselves in alcohol, others in a multitude of other sins. Do not blame us any more but blame boredom . . . kill it before it kills us . . . give us a chance and you will find out that we are normal young men living under abnormal conditions."

The problems of this man and many others like him are obviously not purely educational but if the young men feel unmotivated because vast privileges are showered on them in return for little effort and the young women are growing to be frustrated at the role tradition has set for them, then both will be pressing for change and that normally reflects itself first in the schools and universities.

Qatar can be proud of its one-generation achievement in the fields of basic literacy, schooling and the beginnings of a higher educational system. Its leaders must now decide just how much the logic of this process is to be left to work itself out—for the problems of the next generation are already upon them.

"Jassim: A study in the psychological development of a young man in Qatar," by Prof. L. H. Melikian, published by Longman, 1981.

Terry Povey

Qatar University—"the country's most precious asset."

Qatar is keenly aware of the importance of collective defence for itself and its neighbours. The Iraqi-Iranian war has given an impetus to the rapid development of the Gulf Co-operation Council

Keen to see Gulf defence pact

BEING A small country, Qatar has tended not to separate its external defence from its internal security policies. Its main external threats are seen as mirrored by parallel internal ones. After the Islamic revolution in Iran three years ago the regional threat seen as posed by the late Shah's regime receded only to quickly reassert itself. Then the end of the brief honeymoon with Tehran and its oft repeated desire to "spread the revolution," and the failure of Iraq to succeed in the Gulf war underlined the continuing capacity of Iran to be a potential danger to its neighbours across the water.

It was also the Iraqi-Iranian war that gave the impetus to the rapid development of the Gulf Co-operation Council (GCC) whose meeting of Defence Ministers in late January took place following the Bahrain "coup attempt" and the statements in Riyadh of that country's premier, Sheikh Khalifa bin Sulman al-Khalifah, that a co-ordinated stand by Gulf states against the "Iranian threat" was necessary.

Qatar has been a keen advocate of Gulf co-operation in all fields including defence. Only recently has the concept of a joint security pact been accepted, following the discovery of the attempted coup in Bahrain and Kuwait's subsequent conversion to the idea.

Qatar's armed forces (QAF) under the command of Sheikh Hamad bin Khalifa al-Thani, heir apparent and Minister of Defence, are said to be small—one informed diplomatic estimate gives a figure of 5,000 each for both the QAF (including the Sea Arm and Air Force) and the police. Unlike the bulk of State organisations this is one area where Palestinians are few. Most of the officers are Jordanian. A high proportion of other ranks are Sudanese. The same pattern occurs in the police and intelligence organisations.

Two years ago — to the apparent annoyance of the UK — the country gave its first military order of any significance to France. Some $270m was committed for the purchase of three Combattante vessels from Construction Mecaniques de Normandie. The ships are due to be delivered in 1983 and will carry Excocet missiles with a range of 35 miles supplied by Societe National Industrielle Aerospatiale.

In addition, orders valued at $200m were placed for six Alpha jet trainers and 14 Mirage F-1 fighters with Avions Marcel Dassault-Breguet Aviation to supplement or replace the ageing British Hawker Hunter planes. Orders for Milan and HOT missiles worth $20m are also said to have been placed as have other smaller contracts for armoured personnel carriers.

The fact that these orders went to France is seen by some as principally a gesture by the Emir to former President Giscard d'Estaing. The orders were placed just after his 1980 visit to Qatar, but others say that the French offer was simply far cheaper than the rest including deals offered by Britain, West Germany and the U.S. A declining number of British officers on secondment to the QAF remain.

Difficulties

Alpha jets have arrived, as can be seen from their occasional passes over the capital to land at the nearby airport. According to some diplomats their delivery has revealed flaws in the original purchasing package. Language difficulties for Arabic-English speaking pilots (presently only one trained Qatari fighter pilot exists) sent for training to France plus Qatari coolness towards the Mitterrand administration led one local newspaper to speculate, in the context of apparent GCC discussions, of the need to standardise on equipment purchases, that the deal on the Mirages may not go through.

Internal security in Qatar is effective but unobtrusive, its main concern being the local Iranian population and any potential radical allies it might find in the other migrant groups. Arrests of Iranians are reputedly commonplace and according to one expatriate "My driver's an Iranian and he disappeared two days ago. No one knows where he is." With migrants it is all too easy to deport, and fear of this keeps all very quiet, although it does not completely silence rumours.

Deeply conscious of the importance of collective defence by itself and its neighbours Qatar can be expected to be one of the Gulf states most keen on making the GCC a sncoess. It knows that if it faced any serious threat its big neighbour Saudi Arabia would leap to its aid. That is an eventuality which the Government would like to avoid for the sake of its long-term independence.

T.P.

Free power and water on tap

QATARIS ARE proud of the achievements of their small country—one of the most commonly talked about topics is its formidable electricity consumption.

"It's the highest in the world," said one official, but without any precise figure on population this is difficult to substantiate. The claim is probably justified in the intensely hot four months of high summer. With temperatures around 40 degrees centigrade, it is not surprising to find consumer demand peaking around the 580 MW level.

In the mid-1970s projections were made on the basis that consumption would continue growing at 25 to 30 per cent annually. Peak demand for 1981 was projected at 800MW, whereas the actual figure was less than 600MW. Officials and advisors of the Emir admit to no small irritation with foreign consultants who tried to commit the country to massive expenditures on a new 1,500MW power station at Ras Laffan on the basis of crude linear projections of demand increases.

Having appointed the German company of Fichtner last summer as consultants on the first stage of Ras Laffan power station and desalination plant (which involves spending QR2,750m ($750m) to obtain a further 600MW generating capacity), the planners are now taking a fresh look at likely future demand.

It still looks as if Phase I of Ras Laffan will go ahead. But it may well be located elsewhere—closer to population or industrial centres.

Installed capacity now stands at 825MW. With the number of consumers still rising at 9-10 per cent per year, the expansion is seen as an essential safeguard. Four turbines being installed by the French Company Alsthom Atlantique are intended to cover the shortfall in supplies in the meantime.

Closely connected with electrical power generation is the problem of water supply. According to Mr Ahmad al-Jamal, Director of the Water Department, every citizen consumes 150 gallons per day, four times the amount in Western Europe. Rainfall is minimal, consisting of a once-a-year deluge in February or March—and then nothing.

Most of Qatar's water comes from the desalination plants at Ras Abu Fontas and Ras Abu Aboud. Sweet water from the state's limited ground resources is mixed with the desalinated in proportions of one part in 10 in order to make it more suitable for drinking.

According to Mr Abdul Rahman al Manna, Under-Secretary of Industry and Agriculture, the maximum use of water should be no more than 42m gallons per day (mgd), if the water table is not to fall badly.

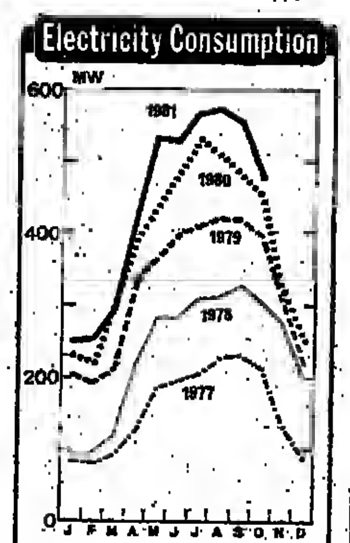
Wastage

Water consumption, the Under Secretary said, is already running at 54mgd. The water table problem is already severe: to stop the wastage, an extensive programme for the treatment of water is in hand for irrigation purposes. Presently some 7-9mgd of such water is being produced.

Outside Ras Laffan, which will have a major desalination plant with an eventual capacity of 35mgd as part of the complex, a further QR1.9bn ($500m) is to be spent on improving the water distribution network around the country during the next 10 years.

Many of the small outlying villages are served by water tankers. As a result the number of water connections should go on increasing for the next few years at an annual rate of 3,000-4,000; despite the fact that most of the consumers benefiting would previously have received water by tanker, connecting them up to grid system will lead to an increase in consumption.

Free electricity and water are seen by Qatari citizens as part of their birthright now. No charge is made for local telephone calls, either. Furthermore, attempts to persuade Qataris not to leave spot-lights on all night and garden hoses on all day (without the leverage of a punitive bill) have proved hopeless.



Previous efforts by the Electricity Department to levy charges, including on some leading citizens, have proved very embarrassing for officials.

Housing in Qatar has become a major problem, especially for expatriates. Rents on newly-leased property have been rising at a rate of 50 per cent a year. Meanwhile, very little new property is coming on to the market. Land owners in Qatar are in no hurry to develop property and the Government baulks at the prices demanded.

Plans exist for a major expansion of residential accommodation to the south-east of Doha. According to officials, the programme for this area should meet the demand for most of the 20,000 new units which are reckoned to be required by 1990. Exactly what provision has been made for expatriates in this scheme, remains unclear. It seems that foreign workers are to be left to the mercy of private landowners.

The condition of Doha's roads has been a subject of constant complaint over the last couple of years. "People will just have to bear with us for a bit longer," said a public works engineer, adding that most projects were "nearly finished." But most of the work nearing completion comes under the heading of tidying-up roundabouts, laying kerbstone for pavements and so on, rather than new projects.

One area of controversy has been hotel building. According to the report of the Central Statistical Office, 1980 saw an average occupancy rate of only 32 per cent in Doha, a figure which rose to 42 per cent in the luxury five-star hotels.

Despite this situation, various private interests have been adding to the stock and there is a new Novatel in construction in the city centre. With the Doha Sheraton about to open, serious over-provision seems inevitable.

The fate of the Oasis, the Gulf Hotel and the Ramada will, to a certain extent, be decided by the Governmental decisions on the sharing-out of the bookings for official visitors and guests.

"We advised them (meaning the Ramada and the Novatel) against going ahead, but they have ignored us," said a planner. All are still, apparently, expecting the Government to bail them out at the end of the day.

T.P.

Mary Frings looks at changing business conditions

Boom still around the corner

THIS TIME last year businessmen in Doha were looking forward to 1982 as the start of an exciting but well-controlled new boom, based on the imminent development of the North Field. But everything in Qatar happens more slowly than expected. The multi-billion dollar gas project is still unconfirmed and has had little impact on economic activity. The moderate pick-up is regarded as cyclical rather than geared to the future of Ras Laffan.

Of more immediate concern is the level of Government spending and the trend of international interest rates, both of which have a critical effect on domestic liquidity. In the view of one local banker the Government has foresaken its policy of creating recession, but is still exercising restraint.

Nevertheless there is more money around than there was in 1980. Some QR 3,005m was paid out last year from the QR 1bn compensation on land in the city area required for redevelopment, and the smaller-scale Government contracts in progress mean the release of payments to local contractors.

Banks report an increase in guarantee facilities on construction contracts, and the shortage of expatriate housing provides a good climate for further building. The Government has taken up much of the available accommodation for staff of the Hamad Hospital and new arrivals often spend weeks or even months in hotels.

Rents have gone up 30 per cent over the last year. Very little is available for under QR 3,000 a month, except on a sharing basis, and a modest villa lets for around QR 7,000; major companies are paying up to twice as much to house their senior executives in appropriate style. Rents may legally be increased every two years, on a sliding scale from 50 per cent at the bottom end of the market (QR 500 a month) to 5 per cent on property let at over QR 10,000, but frequent changes of tenancy can result in more rapid escalation.

Well-established contracting companies are working to capacity. Mr Ziad Kassamani, Al Mana's vice-president sales and marketing, says the group's mechanical, civil and air-conditioning division, Manco, showed an 80 per cent improvement last year over 1979-80, while the steel supply and fabrication joint venture with Boulton and Paul did 40 per cent more business.

AKC, owned by Shaikh Abdulaziz bin Khalifa bin Ali Al Thani, is cautiously limiting expansion to 20 per cent, although the potential is much greater. "We would expect to increase our profit margins by selecting better contracts," says manager Mr Quentin McGarva. Set up in 1977 just as the construction industry went into a decline, AKC weathered a couple of lean years but now employs a workforce of 1,000 and handles contracts worth up to QR 40m, almost exclusively for the Government. The current order book includes schools, a workshop at Umm Said for IDTC, a sports club and a new airport departures building.

Tenders

Projects for the Emir's office, the Ministry of Defence, QGPC and other Government agencies are often commissioned direct, and the four tower cranes around the site for a new palace are a feature of the skyline which is noted but not discussed. At the same time the Ministry of Public Works has been allocated QR 4bn for capital expenditure in the 18-month budget. A start will probably be made on new headquarters for the Ministries of Education and Public Health, but the need to stagger manpower requirements and the time required to bring another five Ministry buildings to the tender stage will probably take them into the next financial year.

Tenders are pending on a new 300-bed women's hospital costing QR 160-170m, for which the consultants are John Harris and Partners, while a QR 100m post office is being built by the Indian contractor Patel. School building contracts at QR 9m upwards have all gone to local companies; some are underway and another 22 will be started this year. Also on the budget are 2,000 villas for senior Government staff, several fire stations, a prison and a new 500-house development on Doha's D-Ring Road.

In the business sector the British Bank of the Middle East highlights a 10-15 per cent increase in trade financing, mostly on cars and construction materials. The Jaidah group, local distributors for Chevrolet, Buick, Oldsmobile, Isuzu and Nissan diesel trucks, say a 25 per cent increase in sales of 1981 models will bring their turnover of vehicles to 2,000 a year, out of 16,000 new registrations.

Japan in fact sold 10,000 cars to Qatar in 1981, compared with 5,700 from Europe and the U.S., but in the first quarter of the year (more recent overall statistics are not available) Britain overtook Japan as the leading exporter. British personnel are also regarded as "good value for money," and their wives are able to take jobs in Qatar without restriction; according to one estimate, there are 16,000 working wives of all nationalities.

As investors Qataris and their advisers claim to be conservative—"not gamblers like the Kuwaities." For preference, and leaving aside the sensitive issue of high interest-earning deposits abroad, they put their money into land, building and trading, and to a lesser extent into local shareholding companies, but without playing the market. There is no formal stock exchange.

A major investor in the local economy is Sheikh Ghanem bin Ali Al Thani, whose business empire includes the Gulf's biggest department store (The Centre), and the Ramada Hotel. The financial difficulties faced by Sheikh Ghanem, the result of a combination of management short-comings, recession and heavy borrowing commitments, remain unresolved. The purchase by the Government of a parcel of land at a price of QR 63m ($17m) went only a small way towards reducing his indebtedness to the banks, which have shown remarkable patience. According to unofficial estimates at least $130m in loans and overdrafts is still outstanding; the loans are not sovereign risk, although there are recurrent hopes that the Palace may come to the rescue.

Legislation affecting the commercial life of Qatar is currently under scrutiny. The Sponsorship Law was tightened up in September last year, to discourage Qatari citizens from making a business out of sponsoring immigrants who, after paying a fee, would then find a job with another employer.

Registration

All companies operating in Qatar must be registered, and registration is normally granted only to those where at least 51 per cent of the share capital is held by Qatari nationals; a dispensation from this requirement may be granted to companies engaged in major government projects. Firms providing only professional services, such as consultant engineers and quantity surveyors, do not need to take a local partner but must have a sponsor who is theoretically responsible for their local debts, and is paid 5 per cent to 10 per cent of turnover.

Some such companies have had difficulty convincing the Qatari taxation department that a professional partnership is not a "body corporate;" Cable and Wireless and foreign banks have been paying corporate taxes for years, on a sliding scale from 5 per cent on profits of QR 70,000 ($19,000) to 50 per cent on QR 5m, but evidence that the net is being widened has come as an unpleasant surprise. A precondition of registration which militates against firms coming in "on spec" is that applicants should have three recognised clients.

In December British passport-holders were put on the same footing as other expatriates, in requiring the approval of their sponsor before leaving the country, although heads of companies who go in and out more than 12 times a year can obtain a permanent exit visa.

Competition intense among the banks

TWO NEW Qatari banks are seeking licences this year, despite the conviction in the market that Doha is already over-banked.

Competition for deposits among the 13 existing licence-holders is intense, and the market share of the 10 foreign banks is increasingly under pressure. The opening of an Islamic institution could also mean the loss to the old-established British banks of the remaining few depositors whose aversion to "riba" has traditionally provided them with useful interest-free funds.

The proposed Qatar Islamic Bank (QIB), whose honorary chairman is the Minister of the Interior, Shaikh Khalid bin Hamad Al Thani, was originally conceived as the most powerful financial institution in the state. After lengthy deliberation, it now seems likely to go ahead, but with reduced support. Over 250 founders subscribed to the QR 200m capital in May last year, but their holding deposits (probably amounting to 5 per cent) have since lain idle in the Qatar Monetary Agency (QMA) and at the end of January they were offered a chance to withdraw. About half of them are expected to do so, in view of the uncertainty over the date of the bank's opening and the scope of its activities.

Apprehension

The objective of QIB is to attract bullion-rival deposits for investment in each of three major activities — a contracting company big enough to compete for international projects, a wholesale importing and trading company and an investment company for the development of land. The emergence of such a rival might well fill existing contractors, traders and property developers with apprehension.

Nevertheless the documents for incorporation of the bank have passed from the Palace to the Ministry of Commerce, and the QMA is expected to grant a licence within three months. QIB may eventually be established by Amiri decree and may start with 25 per cent of its capital paid up, but no-one is willing to hazard a guess as to when.

The second bank under study is the Al Ahli Bank, a public joint stock company with a proposed capital of QR 30m. The head of banking control at the QMA, Mr Baqr Reehan, said the 32 per cent growth in consolidated assets and liabilities in the banking system over a 12-month period (based on November 1981 returns), and the success of the Doha Bank in its first two-and-a-half years of operation, led the Agency to believe there was room for one more locally-owned commercial bank.

Officially, there is no shortage of liquidity in the local market; or if there is the fault lies with profit-motivated banks which switch funds into high interest-bearing dollars for placement abroad instead of supporting the local economy. The accusation is clearly spelled out in the QMA's 1980 report.

Liquidity

But for banks which cannot attract enough deposits at the official domestic rate of 7 per cent to meet their longstanding commitments to valued clients, the liquidity crisis is very real. For much of 1981 they were obliged to pay almost as much on the local interbank market for riyals as for dollars, and on one or two occasions even more. Although rates have now eased to between 11 per cent and 14 per cent, banks are understandably reluctant to take on new business as long as domestic lending rates are pegged to 9½ per cent, and this has a dampening effect on the development of trade, to which over half of all commercial lending is committed. One or two banks have withdrawn from the local currency market altogether, and offer credit facilities only in dollars.

Overall, loans and advances in the 12 months to end-November 1981 were up 16 per cent to QR 4.374bn, with only 17 per cent committed to housing and construction: a much lower proportion than in Bahrain and the UAE. This is partly because Qataris can obtain long-term Government loans at 4 per cent for residential housing projects. If advances are set against local currency deposits of QR 4.133bn, the banking system as a whole is seen to be 105 per cent over-lent.

At the same time banks with a strong local deposit base, particularly the 50 per cent Government-owned Qatar National Bank (QNB), have not faced liquidity problems and have been in a position to ease the shortage of riyals in the market. But QNB assistant general manager Qahtan Masri says the provision of "cheap" riyals would only encourage further switching of funds outside the country. For the same reason the QMA does not operate a subsidised swap facility, like the Bahrain Monetary's Agency's, but will deal up to $500,000 per day with each bank on a spot basis.

PERFORMANCE OF SELECTED BANKS IN QATAR
(1981 unaudited figures in QR m)

Bank	Assets excluding contra	Customer deposits	Loans and overdrafts	Profits before tax 1981	Profits before tax 1980
QNB	5,700	3,770†	11,730†	70-80†	64
Doha	727	619	230	36	18
Arab Bank	720	611	176	21.4	10.1
Grindlays	687	551	530	n.a.	12.3
BBME	648	591	375	18.3	11.3
Al Mashrek	564	504	132	16	10
Commercial Bank	492	350	220	20	4.6
Chartered	300	272	171	9.9	8.9

† Estimate. *Note:* Banque de Paris et des Pays Bas, which ranked among the top five in 1980, was not prepared to supply figures. The table also excludes Citibank, Bank Saderat Iran, United Bank and Bank of Oman Ltd.

The QMA's November figures show that foreign currency deposits in local banks rose by 145 per cent over 12 months, to QR 2.86bn. To a varying degree these include private funds. The statistics give no clue to the source of funds "due from banks abroad," which rose over 100 per cent to QR 2.24bn, but probably a far greater volume never appears in the books at all, when Qatar-based banks simply act as post offices for their OBUs in Bahrain or for head offices and correspondent banks in Europe and the U.S.

Despite the constraints, banks operating in Qatar are generally profitable and some had a particularly good year. Foreign banks, however, pay 50 per cent tax on profits over QR 5m. The 16-year old Qatar National Bank continues to lead the field and has long been regarded as the principal Government banker. It is credited with holding 42 per cent of the total deposits in the system but according to Mr Masri QNB no longer depends to such a large extent on deposits from the government, which invests much of its money direct. He points out that five foreign banks—Chartered, BBME, Grindlays, Arab Bank and Bank Al Mashrek—as well as the two other local banks, all benefit from Government custom. While funds may not stay long in Government current accounts, a banker outside the magic circle said that with an active overnight market and the knowledge that cheques cannot be drawn after 11.30 am, even a day or two's access to free funds is worthwhile.

Aggressive

Doha Bank is the aggressive newcomer in the market and has made rapid progress. Under its articles of association the bank is barred from lending for construction or for the sale or purchase of land. It appears to have had considerable surplus funds for profitable investment.

Profits at Commercial Bank increased four-fold to make 1981 the best year in the bank's six-year history, even though it has been overtaken by its local rival in terms of size. Arab Bank also managed to double its profits, and general manager Mohammed Abdul Hadi said he could have doubled them again if the policy of the bank had not required him to maintain a liquidity ratio of more than 50 per cent. He explained: "We have been exposed to many crises, and have always been ready to pay out account-holders on demand."

Bank Al Mashrek SAL, in which the Government of Qatar has a 7 per cent stake following the reconstitution of the ill-fated Intra Bank, is also highly liquid. Mr Fathi Anabtani says he lent out only 40 per cent of his local currency deposits, and invested the rest in dollars.

The three British banks were all affected by liquidity problems, although perhaps less seriously than Citibank and Banque de Paris et des Pays Bas, which enjoy no Government patronage. At times last year Chartered was up to 95 per cent lent, and was in no position to accept new long-term commitments in the construction section, to which much of its lending is directed; the loans-to-deposit ratio has now improved to 70-75 per cent. General manager Mr James Kent would like to see banks working on a consortium basis to finance major projects and give clients a better service than they could obtain piecemeal.

BBME likes to think of itself as the Eastern exchange bank geared to the financing of trade and local industry. Mr George Barrow comments: "We did not turn away much business, and we had a good year with profits up 50 per cent."

Grindlays is the most heavily committed to the local market and the most concerned over the problem of obtaining funds at a realistic price in relation to lending rates. After 10 years in Doha general manager Mr Lesley Cant takes a personal interest in the welfare of his clients and worries about the difficulties faced by new companies in obtaining working capital from the banks. But he cannot predict an imminent improvement.

"If the economy continues its upward trend and international interest rates drop, the local problems will disappear. But I am afraid the current interest rate forecasts are not encouraging, and we could be in for another year of restricted activity."

M.F.

Islam: a presence but not a force

A WAVE of mosque building is currently serving as a reminder to all in Qatar that the country's leaders are determined to keep it strongly Islamic. Not only is the call to prayer now to be heard in all the districts of the capital from the top of new tall minarets; in a couple of years it is planned to build a major new central mosque for Doha.

Although not run by the Government Islam in Qatar is institutionalised through a Department of Shariah Islamic Courts and Religious Affairs. This is directly funded by the state to the tune of QR 160m ($44m) in the current budget. Its president, the Qadi, is Sheikh Abdullah bin Zaid al Mahmoud who like his son, who serves as the Deputy Head of the department, is directly appointed by the Emir.

Sheikh Abdullah fills several roles. He is the country's top cleric, the judge in its Islamic High Court and deals as well with mosque building, the guardianship of orphans, supervision of the Islamic courts and the appointments of judges and clergy and—according to talk around the town—occasionally remonstrates with the Emir on the moral laxities of modern Qatar.

The Qadi's son, Sheikh Abdul-Rahman al Mahmoud, acts as the administrator of the Department and quickly pointed out that he was not himself "a judge or even a person with a specialised training in Islamic law." Like many of the younger generation he had found following his father "too hard a task" and had chosen to be a civil servant instead.

The main role of his department is concerned with the country's Islamic courts. Although the Shariah laws are used, Sheikh Abdul Rahman is concerned to disavow any parallels with institutions of the same name across the Gulf in post-revolution Iran. "None of us here agree with the way they are doing things."

Although there is a partially parallel civil court system in Qatar the Shariah Courts deal with criminal cases property disputes, family and marriage questions — all with the proviso that at least one of the parties involved in the action is a Moslem. Cases involving only non-Moslems go through the civil courts, as do the bulk of the more complex business matters.

Qatar's six Islamic judges (working through three courts) also do a great deal of public notary work, certifying documents. They do not, according to Sheikh Abdul Rahman, shirk from handing out floggings when they think the crime merits it. But these are "not done with great severity or in public. Only the parts of the body that will not be damaged are struck and the cane must not be lifted higher than the shoulder of the person delegated to administer the sentence," said the Sheikh. "We don't agree with those countries who are just using the Islamic laws to make everything tougher for people" he added. There have been only three death sentences carried out over the last five years — all of them for murder, when a settlement for "blood money" was not arrived at.

Controls

Unfortunately, interest in Islamic law and clerical studies among young Qataris is "rather low." As a result clerics are having to be brought from other Moslem countries to fill the new mosques now being built. "Yes, we are having to import clergymen, just as we have to import experts in other areas. We import everything these days," said the Sheikh.

Although in its days of innocence and poverty Qatar was a "very clean" society the baleful influences of the American and European way of life were having their affect. Sheikh Abdul-Rahman says that there exists a "real drink and drugs problem." The Islamic authorities are pressing for tighter controls on the entry of alcohol but, showing his moderation once again, the Sheikh stressed that Qatar courts would never tolerate invasions of privacy to check on what people are doing in their homes.

On the question of relations with the country's Shi'ite minority (again there are no figures but perhaps as many as 15 per cent of nationals might be followers of this sect, the rest of the population and most of the Moslem migrants are Sunnis) the Sheikh was evasive. While saying that his department covered the Shi'ites too he was either unable or unwilling to identify the senior Shi'ite cleric in the country.

Shi'ite mosques are normally on the outskirts of Doha and are universally known as Iranian mosques, by doing so ironically associating them more closely with the enemy across the water.

The main Shi'ite centre is the Doha souk (bazaar), where Persian is more commonly spoken between the small traders than Arabic. Most of the Shi'ites have their roots in Iran, many from the Shiraz area where in the regime of the Shah Qatar maintained one of its only three consulates. Some souk merchants spoke of mysterious arrests of fellow Iranians and clearly since the Bahrain "coup attempt" security has been considerably tightened. Yet most of the Iranian merchants in Doha were more than happy to be in Qatar than back home amid the turmoil of fundamentalist Iran. "Business is very good" was a fairly universal reaction.

Islam in Qatar is then clearly a presence but not a force. Sufficient fundamentalism on moral questions exists in order to cut te ground from underneath that type of movement and yet sufficient flexibility exists to prevent the fundamentalists from making life too unbearable. Maintaining this delicate balance could well become more difficult as time passes, however.

Terry Povey

The coastline is being transformed

TEN YEARS ago the shoreline of Doha was decidedly ugly, although not perhaps as bad as the "muddy beach extending for a quarter of a mile seaward in slimey quicksands, bordered by a ridge of sludge and seaweed," seen by the English traveller William Palgrave, in 1863.

Almost immediately after his accession, the Emir sought proposals to clear the bay on which his capital was located. And what began as a dredging operation has become today's West Bay, and has led to the reclamation of 6m sq metres of land and a new Gulf coastline for the city.

The development of the project, from its inception in 1974, has much to do with the work of Mr Hisham Khadoumi, a Palestinian and cousin of Mr Farouk Khadoumi, head of the PLO's Political Department, who studied architecture and planning in the U.S.

"It really was the Emir's idea—and I am not just buttering up the boss," says Mr Khadoumi, who heads the monarch's Technical Office.

The original plan for just dredging out the bay became a major land reclamation project when it was decided to build-up a low-laying promontory, rather than merely clear out the channels. At the same time, the need to develop the city had run into a deadlock due to the lack of availability of land—its traditional owners being unwilling to sell—and so two problems have been solved with the one scheme.

"It is the boldness of the scheme that has made it successful," says Mr Khadoumi, "and with a total cost of reclamation from 1974 to now at QR 335m ($90m) and adding the cost of roads and services the Technical Office is able to sell plots in the West Bay area for QR 40 per sq ft, less than a tenth of prices in the city centre, and still cover all the basic costs."

So far, the area has developed slowly. The Doha Sheraton stands at the tip of the small peninsula that the reclamation has created, and the new Japanese Embassy lies along the Gulf shoreline where it is eventually to be joined by 17 other diplomatic missions in what is to be called "Embassy Row."

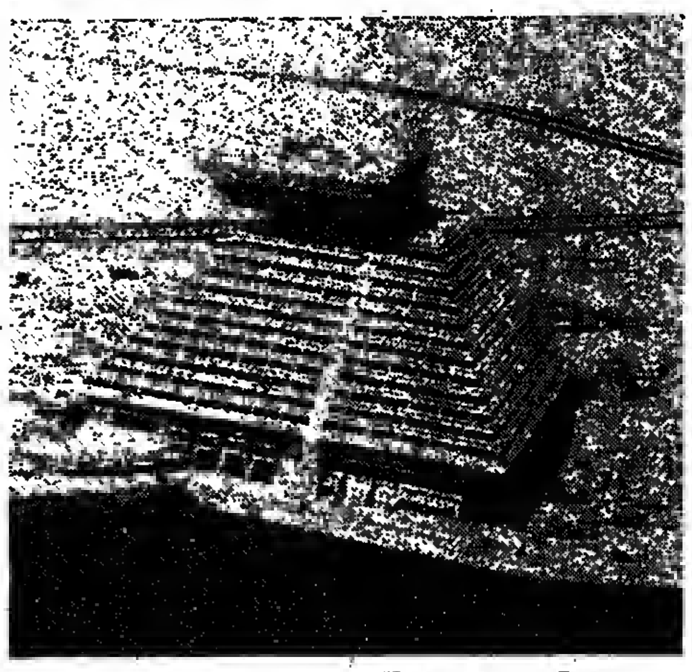
Further away lies a rather ugly housing development, hundreds of identical homes for intermediate level Qatari Government employees. Back further still is the new university building and the largish plots of land on which homes for 600 senior Qatari Government officials are being constructed.

Mr Khadoumi is not worried over the slowness of the pace of development—"Our strategy is to demonstrate what is meant by good planning. We are not going to hurry, we are going to get it right. So the more regulated the pace, the better."

Concern at the quality of Doha's new developments has become one of the key motivations behind the whole West Bay development and Mr Khadoumi is keen to deny that this is a prestige project, pure and simple.

"We are not out just to show off, for it's not going to be the size of buildings or the amount of this development that ultimately will impress, but its quality.

T.P.



The new Doha-Sheraton Hotel on West Bay

$190m hotel project

THE PYRAMID-SHAPED Doha-Sheraton Hotel, built on the very tip of the West Bay at a cost of QR 700m ($190m), is more than a 400-room luxury hotel—it is also a major conference centre.

The complex, which is being opened next Monday by the Emir, must rank as one of the most adventurously-designed hotels in the Gulf region.

"The Doha-Sheraton has been designed as a public facility, rather than a simple, albeit luxurious, hotel. That's why the public to private space ratio is one to one," said Mr Rod Holmes, the British head of the Finance Department in the Ministry of Public Works who has been acting as project director.

The first major fixture at the Sheraton will be the Oapec Energy Conference, March 6-11.

The architects and engineers for the new complex were William Pereira Associates (U.S.), and the main contractors were Hyundai Construction Company of Japan.

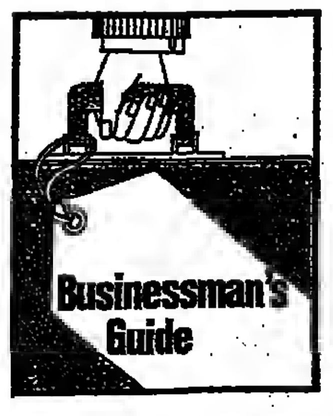
Specialist consultants included Brandow and Johnson (structural); Syska and Hennessy (services); Hubert Wilkie (communications); Robert Herrick Carter (landscaping); Laschober and Sovich (kitchen equipment); Childs Associates (lighting); Dale Keller Associates (special interiors); Hagen International (interiors).

Field supervision: Engineering Services Department, State of Qatar; White Young and Partners; Donald Smith Seymour and Rooley.

Quantity surveyors: Widnell and Trollope (Middle East).

Specialist contractors: Midmac Contracting (pregrading); Gulf Superstromek Piles (piling); Kawada Industries (structural steelwork); Blake Down Gulf (landscaping); Acromedia Corporation (communications).

Equipment: TDG (Tourism Development) Ltd.



Hotels: There is no shortage of accommodation in Doha, except on rare occasions when two major conferences coincide, or when the Qatar National Football Team descends in force on a hotel. But once the Sheraton Hotel comes into full operation (after its "soft" opening next week) there is likely to be an embarrassment of choice.

The Gulf Hotel (at around $90 a night for a single room) is currently the most popular, although the neighbouring Oasis Hotel has a more pleasant beach and is 20 per cent cheaper.

The Ramada is in the same price range as the Gulf, and by the end of the month is to receive a new up-market image as a "Renaissance" hotel, one of the eight selected by the Ramada Inn chain to wipe out the memory of its motel origins. In Doha, this will mean an increase in staff, 24-hour coffee-shop service, a new restaurant (the Cordoba) and special facilities for businessmen through a Renaissance Club.

An 84-room hotel in the suq area is the Doha Palace and charges around $60 a night. It is listed as first class but hardly looks it, and is almost fully-booked for long stay guests awaiting housing.

The Qatar International and the New Capitol, further down the street, are in the same price range; in a local guide book the latter has a good recommendation for its personal service.

Eating out

Restaurants: Most visitors eat at the leading hotels, but those who want to try the small selection of restaurants in town should pinpoint their location near a well-known building or roundabout, because taxi drivers are unable to find them.

The Shezan offers good hot Indian curries at $40-$50 a head, while the Arirang has a rather more expensive choice of Chinese and Korean dishes.

Eight or nine others are listed in the useful Gulf Public Relations Guide, published locally at QR5, together with a number of fast food outlets.

If you do not mind eating in the middle of an open-plan department store, the Centre's Jungle Cafe makes a useful rendezvous point.

Among the hotels, the Ramada has a good reputation for its Tuesday seafood selection, and offers a table d'hote businessman's lunch for $22. Its Maxim's restaurant is introducing a Nouvelle Cuisine menu.

The Gulf Hotel's coffee shop is surprisingly good value (under $7 for a piping-hot omelette and a pot of tea before leaving for a mid-day plane), and the lunch-time buffet in the Oryx restaurant has an interesting selection of Middle Eastern and international dishes for $18. The evening menu is rather pretentious with a tendency to serve items over-cooked and smothered in sauce; a three-course meal with what passes for an exotic drink, will cost $100-$150 a head. A "Bull Shot" is a well-peppered mixture of consommé and tomato juice; otherwise stick to water or fresh orange juice.

At all restaurants a 10 per cent service charge and a 5 per cent Government tax is added to the bill.

Alcohol: Is strictly forbidden and bottles are confiscated at the airport—although there is no unpleasantness beyond the loss of your investment. Non-Muslim expatriates living in Qatar have a limited allowance and most entertaining is done at home.

Communications: The telex and telephone service is generally efficient and direct-dialling to Europe and the U.S., as well as other Gulf states, is available from top-class hotel rooms. But the hotel doubles the standard unit cost and bills can be astronomical. Local telex messages and telephone calls in Doha, however, are usually free.

Transport: Some 20 airlines, including Gulf Air, British Airways, Cathay Pacific, Air France and KLM use Doha Airport, which is 6 km from the city. The standard taxi fare from the airport to a hotel is QR 20 ($6).

Only the most intrepid driver who knows his way around Doha should consider hiring a self-drive car, since road accidents account for 10 per cent of all deaths.

Avis car hire charges from $230 a week for a Honda Civic to $550 a week for a Mercedes 230E, but cheaper rates are available from local hire firms.

Taxis are not metered and drivers will ask for what they think they can get, especially outside hotels where the minimum for a ride into town is QR 20. By using a (shared) service taxi from the street a visitor can often get back for a quarter of the price.

Business Hours: Government offices open in the mornings from 6 am to 1 pm, banks from 7.30 am to 11.30 am; businesses open from 7.30 am to 12 noon, and re-open from 3.30 pm to 6 pm. Local time is three hours ahead of GMT.

Changing money: The 20 to 30 money-changers in town known as exchange and finance companies, give a more efficient service than the banks, where customers must go first to a clerk and then to a cashier. Even at a slack time of day this can take 20 minutes. Rates in hotels vary, but are less favourable than outside.

Entry visas: British passport holders staying for less than 30 days do not need a visa, provided their passport shows Britain as place of birth or country of residence; nor are visas required by nationals of other Gulf states. All other nationals on a business visit sponsored by a Qatari company can get a 72-hour visa at the airport, but it is advisable to be met by a representative of the sponsor.

For a longer stay, a "no objection certificate" is required from the Qatar Immigration Department before a visa can be issued, and application should be made at least six weeks in advance.

What to do in Doha: There are few tourist attractions apart from the Qatar National Museum, which is well worth a two to three-hour visit. The former Royal Palace has been renovated, and some rooms show the layout of the traditional majlis and collections of furnishings, household equipment and clothing. The marine section, with a fabulous display of natural pearls, an aquarium for identifying local species of deep-sea and coral fish, and half a dozen dhows on a seawater lagoon, is particularly interesting.

Night-life is virtually non-existent: there is a cinema showing English-language films, but most visitors spend their evenings with friends or watching videos in their hotel room.

Those with a free weekend may feel driven to seek light relief in Bahrain—just 30 minutes away by air.

Mary Frings

Advocate of co-operation

CONTINUED FROM PAGE 1

Emir would probably see the unresolved Arab-Israeli conflict as an equally serious cause of instability in the region as Soviet expansionism.

For Qatar, as other members of the GCC, Iranian militancy is the immediate preoccupation. On the face of it the regime should have little to fear from its own small indigenous community belonging to the Shi'ite sect numbering 7-10,000 or the 15,000 or so Iranian expatriates resident in the State. But these elements, potentially disruptive despite their vested interest in the State's stability and prosperity, are watched with vigilance by the pervasive, if unobtrusive, security apparatus.

Qatar has turned to France for its modest purchase of military equipment — and also chosen non-American companies for its industrial partners. It is not, therefore, bound by the same kind of nexus to the U.S. as Saudi Arabia. By that criterion there may be more conviction in Qatar's contention that it would like to see both super-powers absent from the region. At least Qatar is not adverse to the disguised American presence in the form of Awacs, or radar surveillance aircraft, which are likely to be the nerve centre of the proposed GCC defence umbrella.

Qatar itself remains a tranquil place—apart from the driving habits of young Qatari bloods—even to the point of boredom and langour. The visitor feels little of the tension and strain permeating Saudi Arabia, Kuwait or the United Arab Emirates. Its society and merchant oligarchy can be no less acquisitive than those of its richer cousins, but the pace of life—except, perhaps, for those foreign businessmen and professionals haggling with the Emir's office over changes in specifications or payments—is somehow less conducive to ulcers.

This owes much to the style of Sheikh Khalifa, both his commitment to a measured development and his painstaking approach to decisions. Qatar is fortunate in its Emir who could claim most of the responsibility for the considerable degree of modernisation and development achieved before he deposed his cousin Sheikh Ahmed bin Ali al Thani—a somewhat ineffectual ruler—in a bloodless coup. He had not taken power and curbed the more prodigal, proprietorial tendencies of the ruling clan the future of the dynasty and the state would have been seriously in doubt.

Sheikh Khalifa is a man of financial acumen, noted for long hours spent at his desk and a modest life style. As Prime Minister, he heads a Council of Ministers of 18 members, of which 11 are members of the ruling family. He is also assisted by an Advisory Council of 30 elders of the community and leading businessmen, which meets regularly. Its opinion is both sought and heeded. But ultimately, nearly all decisions of any significance are made by the Emir himself.

Centralisation of power is such that Sheikh Khalifa in person either signs or countersigns any cheque worth 25,000 Qatari riyals (about $6,870). His reluctance to delegate authority slows down the process of government. It is further confused by duality in the administration arising from the authority of the Emir's Technical Office which has tended to encroach upon areas of responsibility of other departments.

The Emir has groomed his eldest son, who is also Minister of Defence and Commander-in-Chief of the Armed Forces, as his successor. By all accounts he takes his responsibilities seriously. The supremacy of Sheikh Khalifa and his immediate kin within the proliferating Al Thanis family, now more of a tribe, seems entrenched. There are thought to be no less than 2,000 male members of it, each of whom receives from birth a stipend which is said to vary from QR 4,000 to QR 20,000 a month and probably much more for senior members.

Yet the predominance of the Al Thanis, in themselves a not inconsiderable proportion of the indigenous population, does not seem to cause any resentment amongst other Qataris. They are exceptionally privileged citizens, anyway, far from being jealous, a disturbing tendency amongst a large proportion of the younger generation, with no memory or little knowledge of the old days of penury and the less prosperous era before the escalation of oil prices, is to take affluence for granted and to shun hard work.

Qatar, meanwhile, is faced with the prospect of its oil production declining within a decade and its reserves being exhausted in three decades or so, together with the associated gas on which it has come to depend for electricity, water and raw materials for its export-orientated industries. Its good fortune is to possess the vast gas reserves contained in the off-shore North Field—sufficient to satisfy its domestic requirements and provide an alternative source of income for the indefinite future.

Richard Johns

COMMODITIES AND AGRICULTURE

Tea pact talks stalled

By K. K. Sharma in New Delhi

TEA EXPORTING countries which met in New Delhi for five days last week at a conference organised by UNCTAD failed to "reach any further agreement" on their global quotas and fresh attempts are to be made later.

Kenya and some other small producing countries did not accept the formula for determining allocations.

Commerce Secretary Abid Hussain told a news conference that a compromise proposal on export quotas suggested by the UN conference on trade and development (UNCTAD) was not acceptable to Kenya, one of the world's largest exporters, or some smaller producers.

An informal meeting will be held in Colombo next month with Sri Lanka, Kenya and India in another attempt to reach agreement on a formula for allocating quotas.

The Delhi conference agreed on the need for an international tea agreement to regulate world prices, which have fallen 25 per cent since 1972 due to oversupply.

The conference agreed that every exporting country would be subjected to discipline with regard to production and restraint with regard to export growth consistent with a supply management scheme to be worked out.

The exporters reiterated their agreement that a meaningful minimum export standard for black tea should be incorporated in the proposed tea agreement so that tea quality is improved.

The conference emphasised the need for further promotion of tea consumption in existing and new markets with a view to increasing the demand for tea. The cost of tea promotional activities would be met by both tea exporters and importers.

The conference adopted 34 proposals which will now be sent to all member countries—including tea importers—for further discussion at the next inter-governmental group of experts and subsequent preparatory meeting on tea expected to be held in Geneva in May.

Sharp rally in London cash tin price

BY JOHN EDWARDS, COMMODITIES EDITOR

CASH TIN rallied sharply on the London Metal Exchange yesterday afternoon. The cash price closed £200 up at £8,930 a tonne, recouping most of the loss suffered on Friday. Immediately available supplies were scarce and buying demand for cash tin met with a lack of selling interest.

As a result the cash price was pushed higher and at one stage cash tin was "borrowed" (buy cash and sell an equivalent amount forward) for one week at a premium of £200. The continued shortage of supplies also influenced forward quotations. But hedge selling limited the rise and the three months price closed only £32.5 up at £7,887.5 a tonne — £1,042.5 below the cash price.

An increase of 210 tonnes in tin stocks, boosting total holdings to a peak of 20,560 tonnes, had little impact since the bulk of the tin is known to be held by the buying group that has dominated the market since July last year.

The recovery in the market yesterday, after Friday's decline, suggests that the buying group, believed to be acting on behalf of producer interests, is determined to maintain its grip on supplies and prices in spite of the heavy cost involved.

Other metal markets were subdued, depressed by the decline in gold and rising interest rates delaying a recovery in the U.S. economy and demand for metals.

Zinc was especially badly hit in early trading, although values staged a recovery in late dealings. Cash zinc closed £12.5 down at £439.5 a tonne. Zinc stocks held in LME warehouses declined last week by 1,250 to 84,025 tonnes.

There was a sharp increase in lead stocks, up by 2,150 to a total of 63,525 tonnes, and aluminium holdings jumped by 3,500 to a peak total of 174,000 tonnes. LME silver stocks were also up by 240,000 to 33,150,000 ounces.

Nickel stocks fell by 156 to 1,752 tonnes and the cash price continued its recent upward trend, in spite of depressed demand, gaining a further £42.5 to £3,170 a tonne.

Copper stocks fell slightly, by 575 to 124,325 tonnes. But the cash price of high-grade copper closed £3.5 lower at £864.5 a tonne.

Reuter reported from Lusaka that Zambia's prime minister, Nalumino Mundia announced temporary measures to ensure that 65,000 tonnes of copper—Zambia's main export—reached buyers every month, the official Zambia news agency (Zana) said.

He told railway workers in Kabwe the plan called for some 40,000 tonnes a month to be carried by the Tazara railway to Dar es Salaam. 15,000 tonnes to be taken to Dar by the Zambia-Tanzania road services (Zamtan), and 10,000 tonnes to use the southern rail route to South African ports.

The state-run Metal Marketing Corporation of Zambia (Memaco) has been trying since mid-1980 to export copper on the three routes in this ratio, Mr Mundia added.

Mr Mundia said that if Dar es Salaam port fails to clear its 55,000 tonne monthly allocation, part of the tonnage will be switched to the southern route.

Zambia produces 45,000 to 50,000 tonnes of copper a month, but Zambia's Railways said recently about one month's output was stranded on the Tazara line, troubled by poor maintenance, labour disputes and other problems.

Zana quoted Mr Mundia as saying Zambia Railways had lent Tazara six locomotives and 250 wagons to help carry the copper. He did not say how long the measures would last.

Rubber producers group urged

A PRODUCER cartel for natural rubber was urged in Malaysia yesterday by Mr Gan Teck Yew, former president of the Rubber Producers' Council and the Malaysian Rubber Exchange, reports Reuter from Kuala Lumpur.

Mr Gan claimed that the International Natural Rubber Agreement, between exporting and importing countries, had proved ineffective in stabilising rubber prices. He added that if producing countries could not revise the Agreement to serve their interests, "they might as well go alone without restrictions."

Mr Gan said the buffer stock is ineffective because it is barred from trading in futures.

"One of the producing countries should take the lead to operate a price stabilisation scheme on behalf of the producers," he said.

He added that by changing positions, a producer country can buy three times as much rubber, including paper, as the buffer stock manager with the same amount of money.

Mr Gan commented that producer countries owe no obligation to consumers to impose restrictions on their operations through international pacts.

It is believed Mr Gan was echoing a view increasingly felt in the Malaysian rubber industry.

Malaysia, as the world's leading producer, has contributed over 80m ringgit to buffer stock operations, which is estimated by dealers here to have bought over 70,000 tonnes.

Our Commodities Staff writes: Natural rubber prices fell again in London yesterday. The RSS No. 1 spot price was cut by 0.5p to 46.75p a kilo—the lowest level since April 1978.

Soya oil market to reopen

By Our Commodities Staff

THE LONDON soya bean oil futures market is to reopen on April 19, it was announced yesterday.

Two earlier attempts to launch this market failed through lack of support. But it is hoped that the closer links with the soya bean meal market, with which it will be sharing floor space, will help to generate sufficient interest this time.

One advantage is that the trade houses wishing to operate on the new market will not have to designate an extra dealer for the purpose but will be able to use their existing soya meal dealer.

Trading will be in 25 tonne lots of soya oil with an initial delivery point in Rotterdam and prices will be quoted in U.S. dollars. Trading months will be the same as for the soya meal contract.

Battery egg ban call rejected

By Richard Mooney

THE GOVERNMENT yesterday rejected a call for an immediate ban on the battery egg production system.

A deputation of animal welfare groups met Mrs Peggy Fenner, junior Agriculture Minister, to protest at the Government's failure to act on the findings of a Commons Committee which said alternative humane systems were available.

"The welfare movement will get a ban on (battery) cages during the life of this Government or the next," declared Mr Peter Roberts of Compassion in World Farming, who led the delegation. "It is only fair that the politicians make a statement of intent so that farmers can plan ahead."

The deputation handed in the final part of a 258,000 signature petition calling for a ban on battery cages.

But Mrs Fenner said after the meeting that the Government could not agree to the demand. "We do not believe that there exists at present an alternative system which has been proved to have welfare benefits outweighing any economic disadvantages," she said.

Argentine grain crop assured

BUENOS AIRES—New rainfall over the weekend has been extremely favourable for the farming area and has virtually secured a good coarse grain crop, grain trade sources said here.

Rain fell over northern Santa Fe, Chaco and Formosa provinces, in varying quantities. This should ensure good returns of maize, sorghum, soyabean and sunflowerseed.

Reuter

U.S. AGRICULTURE

Anger builds up on the corn belt

BY NANCY DUNNE IN WASHINGTON

ANGER HUNG heavy in the air. Mr Robert Hormats, Assistant Secretary of State for Economic and Business Affairs, parried and ducked the torrent of questions from enraged wheat farmers meeting in Washington last month.

"Why is agriculture always asked to be the whipping boys?" he was asked. "Why should the State Department always use us? If food is a 'weapon,' then why aren't we in the Defence Department budget?"

Economic sanctions imposed against the Soviet Union in retaliation for the repressions in Poland — were, the farmers insisted, simply a slap on the Russian wrist, which would only backfire to the detriment of their exports.

Behind their fury over sanctions lay a deepening despondency about general economic conditions which have hit especially hard in the agriculture sector. Rising costs for supplies and farm machinery, depressed grain prices arising from severe surpluses and high interest rates are squeezing farmers hard.

Government statistics show the farm economy is in trouble. Farm groups here go further and insist that agriculture has sunk into a depression.

"We feel to call this a depression is not an exaggeration," says Mr Bob Denman of the National Farmers Union.

"This is the third year in a row that prices have steadily declined."

"Net farm income has sunk to its lowest level since 1933," says Miss Margie Williams, Director of Government Affairs, for the National Association of Wheat Growers.

Data Resources the economic consultants, supports their contention with an ominous study which concluded, "the U.S. farm economy is teetering on the brink of a depression reminiscent of the 1930s. The outlook for farm income and profitability has gone beyond dismal and would have to be termed catastrophic."

Even the farm credit administration, which regulates the farm credit system and is no alarmist, confirms that the financial outlook for U.S. farmers is "a matter of serious concern."

"Since 1979, overall prices received by farmers were up only 4.5 per cent, while prices paid were up 22 per cent. . . . There has been a decline in the real wealth position of agriculture," says an agency spokesman.

Farmers voted overwhelmingly for Ronald Reagan, but many feel they are getting little help from his government. The Administration last year pushed farm legislation through Congress with loan price supports viewed as skimpy. Now the Department of Agriculture has announced drastic cutbacks in loan programmes for the farmers home administration and the rural electrification administration as part of an effort to reduce the federal impact on the money supply.

The change will mean a cut of more than 50 per cent in the amount of loan money to be made available for rural home buying, repair and site preparation.

Barring crop failures here or elsewhere, farmers are unlikely to find much near-term relief for their bursting storehouses. U.S. agricultural exports exploded in the 1970s, averaging an 8 per cent increase a year, but the outlook for continued export growth is poor. President Reagan's actions following Jimmy Carter's grain embargo against the Soviet Union has lost the U.S. its strength in the Eastern European markets.

USDA economists, while acknowledging that the farm economy is slumping, will not characterise its conditions a "a depression."

"Conditions are bad," says Mr Gary Lucier, USDA economist, "but they are bad in the whole economy. What farmers now have is a cash flow problem."

Still, comparisons with the depression years keep popping up. Last year was the first since 1933 that farm prices failed to rise during any of the 12 months. The farmers' prized "parity index" sank below the 60 per cent range in September for the first time since the Depression and has crept downward ever since.

The economic decline has spread to the farm equipment industry as well. Manufacturers are suffering through a period of slow sales, mounting inventories, large-scale lay-offs, dividend cuts or omissions, refinancing programmes and the sale of assets to raise cash.

The industry is projecting a mere 5 per cent increase in dollar sales, not enough to keep up with inflation, according to Mr Jim Ebbinghause, vice president of the Farm and Industrial Equipment Institute in Chicago. Business has hit the lowest level in a decade, he says, but the times have not yet reached the desperation level of the 1930's depression.

"You can't lump all agriculture together," he says. "Dairy farmers and fresh vegetable farmers are earning reasonably good incomes. People are surviving."

What particularly concerns farmers is the poor prospects for any improvement in their lot. Foreign sales and shipments of U.S. maize, wheat, soyabeans and sorghum have been running 11 per cent behind a year earlier.

Although the Soviets have continued to buy U.S. grain in spite of the President's sanctions, they clearly will not become the kind of customers they were before the embargo. With sales agreements in hand with Canada, Argentina, Hungary, Brazil and Australia, they are expected to make the bulk of their deals with other producers. Since the embargo, the Soviets have more than quadrupled their share of Argentina's wheat and corn, turning that country into a virtual trade colony.

U.S. grain exports to Eastern Europe are running 15 per cent behind last year, and there is little likelihood for any improvement soon.

Depressing as the outlook is, statistics indicate that the farm economy is not yet mired in depression. Farm lending institutions have reported some delayed collections but few bankruptcies.

BRITISH COMMODITY MARKETS

BASE METALS

Having traded quietly around the £8,720 level for most of the morning cash TIN advanced strongly in afternoon trading on the London Metal Exchange to close at £8,930. Three months tin was finally £7,910. Other metals were depressed by fears of higher interest rates. COPPER closed at £862.75. LEAD fell to £333 but rallied strongly in the afternoon to close at £341, while ZINC was finally £440, trade buying was much in evidence below the £450 level. ALUMINIUM closed at £605.5 and NICKEL £3,150.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	336.5-.5	-4.25	337.5-.5	-1.75
3 months	354.5-5	-5	357.5-8	-1.5
Settlem't	336	-5	—	
U.S. Spot	*29			

Lead—Morning: Cash £324.50, three months £334.00, 34.50, 34.00, 35.00. Kerb: Three months £335.00. Afternoon: Three months £336.00, 37.00, 37.50, 38.00. Kerb: Three months £338.00, 39.00, 40.00, 41.00. Turnover: 10,500 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Higher grade	£	£	£	£
Cash	863.5-4	-2.5	864-.5	-3.5
3 months	888.5-.5	-1.75	888.5-.5	-2.75
Settlem't	864	-2	—	
Cathodes				
Cash	861.5-2	-5.5	861.5-2	-5.25
3 months	888-9	-3.75	887-8	-4.5
Settlem't	862	-3.5	—	
U.S. Prod.	—		*78.5-82	

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £864, three months £893.00, 92.50, 92.00. Cathodes, cash £862.00; three months £888.50. Kerb: Higher grade, three months £892.50, 93.00. Afternoon: Higher Grade, three months £890.00, 89.50. Kerb: Higher grade: Three months £892.50, 93.00. Turnover: 20,000 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	8760-80	-85	8900-50	+200
3 months	7890-900	-38	7895-90	+32.5
Settlem't	8780	-90	—	
Standard				
Cash	8760-80	-85	8900-50	+200
3 months	7890-900	-34	7885-90	+30
Settlem't	8780	-90	—	
Straits E.	$[illegible]			
New York	—			

Tin—Morning: Standard, cash £8710, 30, 70, three months £7880, 30, 35, 40, 35. Kerb: Standard, three months £7840, 50. Afternoon: Standard, cash £8950; three months £7880, 80, 85. Kerb: Standard, three months £7900, 05, 10. Turnover: 1,215 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	441.5	-10	439-40	-12.5
3 months	446.5-7	-15.5	447-.5	-16.5
Settlem't	441.5	-10	—	
Primw'ts	—		*42.75-3.75	

Zinc—Morning: Cash £441.50, 41.00, three months £452.00, 51.00, 49.00, 48.00, 47.00, 48.00, 47.50, 47.00. Kerb: Three months £447.00, 48.50, 47.00, 46.00, 45.50. Afternoon: Three months £443.00, 47.50. Kerb: Three months 448.00, 49.00. Turnover: 15,625 tonnes.

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	577.5	-15	583-7	-5
3 months	600-.5	-11	605-7	-3

Aluminium—Morning: Cash £577.50, three months £603.00, 02.00, 01.00, 600.50, 600.00, 1.00, 600.50, 600.00, 599.50, 600.00. Kerb: Three months £600.00, 600.00, 599.50, 600.00, 01.00. Afternoon: Cash £584.00, 85.00; Three months £600.50, 600.00, 600.50, 02.00, 01.50, 02.00, 02.50, 03.00, 04.00. Kerb: Three months £605.00, 04.50, 05.00, 06.00. Turnover 16,650 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3150-60	+42.5	3165-75	+42.5
3 months	3185-90	+28	3195-200	+22.5

Nickel—Morning: Three months £3185, 90. Kerb: Three months £3185. Afternoon: Cash £3165, 70; three months £3185, 90, 95, 3200. Kerb: Three months £3200, 3195. Turnover: 1,080 tonnes.

* Cents per pound. ‡ $M per kilo. † On previous unofficial close.

SILVER

Silver was fixed 1.75p an ounce higher for spot delivery in the London bullion market yesterday at 465.7p. U.S. cent equivalents of the fixing levels were: spot 851.3c, down 0.50c; three-month 883.4c, up 0.4c; six-month 916.6c, up 1.3c; and 12-month 983.7c, up 3.2c. The metal opened at 463-467p (849-853c) and closed at 462-466p (850-855c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	465.70p	+1.75	465p	-3.5
3 months	481.20p	+1.35	481p	-3.5
6 months	493.20p	+2.5	—	
12 months	522.50p	+2.85	—	

LME—Turnover: 88 (42) lots of 10,000 ozs. Morning: Three months 482.0, 82.0, 81.5. Kerb: Three months 481.5. Afternoon: three months 480.8. Kerb: three months 480.5.

COCOA

Futures traded within a narrow range throughout a dull day for prices to close unchanged. Actuals business was neglected, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or −	Business Done
March	1215-15	-4.0	1227-10
May	1175-74	+1.0	1180-70
July	1184-30	+2.0	1189-81
Sept	1193-94	+4.0	1197-81
Dec	1207-08	+3.0	1210-05
March	1228-27	+4.6	1227-25
May	1234-37	+14.0	—

Sales: 760 (1,358) lots of 10 tonnes.

ICCO—Daily price for Feb 12: 95.30 (95.89). Indicator price for Feb 15: 95.40 (95.54).

COFFEE

Early factors which pointed towards a slightly higher opening failed to have any impact, reports Drexel Burnham Lambert. Values gradually drifted lower in light volume before trade buying encouraged a return to unchanged levels.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1386-88	-1.6	1387-75
May	1316-17	-0.5	1320-07
July	1255-54	+0.6	1255-58
Sept	1225-20	+6.5	1227-05
Nov	1201-05	-3.0	1208-95
January	1190-1[illegible]	....	—
March	1180-10	+2.0	—

Sales: 3,123 (8,527) lots of 5 tonnes.

ICO Indicator prices for February 12 (U.S. cents per pound). Comp. daily 1979 137.40 (137.42); 15-day average 130.73 (129.79).

GAS OIL FUTURES

Prices opened sharply lower, responding to the New York falls and the stronger dollar. Prices edged up to the highs on nervous short covering before easing off again towards the close, reports Premier Man.

Month	Yesterdys close	+ or −	Business Done
	$ U.S. per tonne		
February	277.50	-3.50	279.00-75.00
March	287.75	-4.30	270.50-68.00
April	264.50	-2.50	266.25-61.25
May	263.50	-3.25	264.00-61.25
June	264.00	-3.75	263.75-61.25
July	264.50	-3.50	264.50-63.50
August	270.00	-0.50	—
Sept	275.50	—	272.00-72.00
Oct	277.50	-4.50	—

Turnover: 1,093 (1,535) lots of 100 tonnes.

GRAINS

The market opened unchanged. Old crops drifted lower, although there was some reasonable book squaring, while new crops firmed in anticipation of an agreement between EEC Farm Ministers, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yest'rd'ys close	+ or −
Mar	111.00	-0.26	107.30	-0.20
May	114.70	-0.40	110.15	-0.50
July	118.20	-0.45	—	
Sept	105.65	+0.15	108.50	+0.10
Nov	108.90	+0.15	106.45	+0.10
Jan	114.40	+0.20	110.25	+0.20

Business done—Wheat: March 111.25-111.00, May 115.10-114.70, July 118.65-118.20, Sept 105.75 only, Nov 110.40-110.20, Jan no trades. Sales: 202 lots of 100 tonnes. Barley: March 107.55-107.30, May 110.50-110.15, Sept 102.60-102.45, Nov 106.45-106.30, Jan 110.25 only. Sales: 201 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Feb 121.25, March 123.25 transhipment East Coast sellers; U.S. Hard Winter 13½ per cent March 116.75 quoted transhipment East Coast; English feed fob Feb 113.50, March 114.50, April 118.50 East Coast sellers. Maize: French Feb 133.50, March 134.50 transhipment East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 105.40, E Mids 105.30, Scotland 107.10. The UK Monetary Coefficient for the week beginning Monday February 22 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened quiet, attracted little interest throughout the day and closed easier. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 203.5 (205.0) cents a kg and SMR 20 180.5 (181.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Mar	47.80-47.50	47.80-48.50	—
April	48.00-48.50	48.50-49.00	—
Apl-Jne	49.00-49.50	49.80-49.80	49.00-48.90
Jly-Sept	52.50-52.60	53.80-53.70	52.70-52.50
Oct-Dec	55.80-55.80	56.50-56.40	56.50-55.80
Jan-Mar	58.80-59.10	59.80-59.70	59.20-59.00
Apl-Jne	62.00-62.10	62.40-62.70	62.00
Jly-Sept	65.00-65.10	65.90-65.80	65.10
Oct-Dec	68.00-68.10	68.60-68.90	68.10

Sales: 208 (167) lots of 15 tonnes, nil (4) lots of 5 tonnes.

Physical closing prices (buyers) were: spot 46.75p (47.25p); March 49.50p (50.00p); April 49.25p (47.75p).

SOYABEAN MEAL

The market opened around 50p better on weaker sterling, reports T. G. Roddick. Prices held steady in dull conditions.

	Yesterdys Close	+ or −	Business Done
	£ per tonne		
February	128.00-36.5	—	—
April	132.00-32.5	+0.70	131.50
June	130.00-30.5	+0.55	130.50
August	130.30-30.5	-0.05	—
October	131.00-32.0	+0.10	—
Dec	132.00-34.5	—	—
Feb	133.00-35.5	—	—

Sales: 8 (124) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £170.00 (£168.00) a tonne cif Feb-March shipment. White sugar daily price £182.00 (£180.00).

The weakness of sterling stimulated buying interest and prices milled, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
March	178.40-78.50	178.85-76.80	178.75-75.65
May	180.60-80.90	178.85-78.90	181.20-78.60
Aug	185.75-85.80	182.20-82.25	184.00-81.80
Oct	186.45-86.55	185.55-85.50	186.75-84.75
Jan	187.50-87.75	186.55-87.00	—
March	191.10-91.35	190.10-90.40	191.40-91.00
May	195.00-93.55	192.50-93.50	—

Sales: 3,687 (4,080) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £280.50 (£278.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 12: Daily price 13.07 (13.05): 15-day average 13.26 (same).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 388, 390, 389-386; May 387, 393, 397-392; Aug 411, 414, 414-406; Oct 413, 414, 414-409; Dec 416, 416, 415-407; Jan 417, 420, 414-412; March 422, 425, 423-419; May 428, 429, 432-429; Aug 438, 445, 442-441. Sales: 178.

BRADFORD—Prices were a little firmer due to sterling's weakness. Business was only fair but fairly general and there was universal mention among topmakers of the pressure for delivery and order books are generally good.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 509.0, 509.0, 509.0-508.0; May 520.0, 521.0, 521.0-519.5; July 528.0, 529.0, 529.0-527.0; Oct 523.0, 524.0, 524.0-523.0; Dec 528.5, 529.0, 529.5-527.0; Mar 533.5, 535.0, 530.0-533.0; May 538.5, 539.0, 539.0; July 541.5, 544.0, untraded. Sales: 183.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 30 tonnes. Minor purchases were mentioned, with occasional attention directed towards African and South American growths. Buyers as a whole remained somewhat cautious, as prices continued to decline.

JUTE

JUTE—C and 1 Dundee: BWC £284, BWD £234, BTB £326, BTC £287, BED £238; Antwerp c and 1 BWC £287, BWD £237, BTB £329, BTC £280, BTD £240; Dundee Feb 40 in 10 oz £10.23, 40 in 7½ oz £8.03; B Twills £30.10

TEA AUCTION

LONDON TEA AUCTION—29,365 packages were on offer at yesterday's auction. A strong demand prevailed. Medium Asians were rather irregular but selected brokens, together with many brighter lines put on 1-2p. East Africans were generally fully firm with some brighter liquoring sorts tending dearer, while Central Africans showed little overall change. The few Ceylons on offer sold readily at fully firm rates. Quotations: quality 123p (125p) a kg, medium 115p (116p) a kg, plain no quotation (same).

POTATOES

LONDON POTATO FUTURES—The market rose as Amsterdam hit new contract highs, but lost some of the gains when the Dutch prices fell, reports Coley and Harper. Closing prices: April 132.70, +1.40 (high 133.50, low 131.00); Nov 67.00, −0.50 (high 67.80, low 67.00); Feb 78.00, −0.30 (high 78.80, low 78.00). Turnover: 354 (666) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 86.0 to 89.0; Ulster hindquarters 92.0 to 95.0, forequarters 69.0 to 71.0. Veal: Dutch hinds and ends 119.0 to 126.0. Lamb: English small 82.0 to 88.0, medium 82.0 to 88.6, heavy 80.0 to 87.0 Scotch heavy 80.0 to 84.0; Imported—New Zealand PL 67.0 to 68.0, PM 67.0 to 69.0, YLs 66.0 to 67.0. Pork: English, under 100 lb 42.0 to 58.0, 100-120 lb 46.0 to 55.0, 120-160 lb 43.0 to 54.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 100.45p per kg lw (−1.55). UK—Sheep 201.71p per kg est dcw (+3.92). GB—Pigs 78.83p per kg lw (−0.43).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navels/Navelinas 42/130 4.20-4.80; Jaffa: Shamouti 80/188 4.70-5.60; Moroccan: Navels 56/113 3.80-4.50. Sevilles—Spania: 4.00. Clementines—Spania: 3.50-6.00; Moroccan: 1/6 4.50-5.00. Satsumas—Spania: 3.80-4.40. Minneolas—Jaffa: 60/81 5.70-6.10; Cyprus: 53/72 5.50-6.00. Lemons—Cyprus: 3.00-4.50; Spania: 40/50 2.40-2.50; Italian: 80/120 5.50; Jaffa: 45/50 2.50; U.S.: 115 6.00. Grapefruit—U.S.: Pink 32/48 5.50-6.00; Cyprus: Large cartons 3.00-4.00, small cartons 2.30-3.20; Jaffa: 38/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20-lb 3.00-4.20, 40-lb 8.00-7.80, Stark Crimson 40-lb 6.50-7.50, 20-lb 3.40-3.80, Granny Smith 10.00-10.90; Canadian: Red Delicious 9.50-11.00; U.S.: Red Delicious 10.00-14.00. Pears—Dutch: Comice 14-lb, per pound 0.30; S. African: Clapp's 34-lb 6.00-6.20; Williams' Bon Chretien 8.00-8.50; Italian: Per pound Passacrassana 0.15. Peaches—S. African: 4.50-5.00. Nectarines—Chilean: 8.50-9.00. Plums—S. African: Santa Rosa, per pound 0.30-0.50, Eldorado 0.30-0.50, Songold 0.30-0.55; Wicksons 0.30-0.45, Harry Pickstone 0.35-0.55, Gaviota 0.35-0.55. Grapes—Spanish: Almeria 11-lb 2.40-3.30; Brazilian: 10-lb Italia 7.00, Thompson 2.90; S. African: Dan Ben Hannah 10.00, Alphonse Lavallee 13.00, Queen of the Vineyard 5.80-7.00; U.S.: Red Emperor 0.50-0.80. Strawberries—Israeli: 0.60; U.S.: 1.00; Spanish: 0.45-0.50. Lichees—S. African: Per pound 0.90-1.00. Melons—Spanish: Green 10-kg 10.00-11.00; Brazilian: Yellow 9.00-11.00. Pineapples—Ivory Coast: Each 0.35-0.80. Bananas—Colombian: Per pound 0.20. Avocados—U.S.: Large box 5.50; Israeli: 4.00-4.50; Canary: 5.00-5.50. Mangoes—Kenyan: 8/18 4.00-5.00; Brazilian: 3.00-7.50; Peruvian: 9.00-9.00. Dates—Tunisian: 30s 0.45-0.50; U.S.: 0.43-0.45. Tomatoes—Canary: 3.00-4.30. Onions—Spanish: Grano 3/5 3.50-4.00. Capsicums—Israeli: Red 4.50; Canary: Red 3.50-4.50, Green 3.50-3.80. Cabbages—Dutch: White 3.00-3.50, Red 3.80-4.00. Cauliflowers—Jersey: 16/24s 4.00-5.00; French: 24s 5.00-5.50. Celery—Spanish: 2.50-3.50; Israeli: 3.80-4.00. Carrots—Dutch: 22-lb 2.50, pre-packed 3.40; Italian: Per box 1.80; French: 22-lb 1.40-1.60. Lettuce—Dutch: 24s 2.80-3.00, 12s 2.20. Cucumbers—Canary: 3.50-4.00; Greek: 2.00; Dutch: 12/14 4.40-4.80. Chicory—Belgian: 3-kilos 2.00-2.20. Endive—French: 5.00-5.50. New Potatoes—Canary: 28-lb ware 6.00-6.20, mids 5.00-6.20, 55-lb ware/mids 8.00-9.50; Jersey: Per pound ware 1.25, mids 1.25; Cyprus: Boxes, Winter crop 5.20-5.30, Spring crop 5.00, Sage 5.20-5.30; Italian. Per pound 0.18-0.19. Aubergines—Canary: 4.50-5.00. Artichokes—Egyptian: 6.50. Asparagus—U.S.: Per pound 1.80-2.20

English Produce: Potatoes—Per 55-lb. White 2.50-3.00, Red 2.60-3.50, King Edwards 3.00-4.00. Mushrooms—Per pound, open 0.30-0.40, closed 0.50-0.60. Apples—Per pound, Bramley 0.18-0.28, Cox's 0.20-0.34, Spartan's 0.20-0.25, Russets 0.20-0.28. Pears—Per pound Conference 0.14-0.20, Comice 0.18-0.26. Cabbages—Per 30-lb bag Celtic/Jan King 2.00-3.00. Lettuces—Per 12, round 1.20-1.80. Onions—Per 55-lb 40/80mm 2.00-2.80. Carrots—Per 26/28-lb 1.40-2.00. Beetroots—Per 28-lb, round 1.00-1.20, long 1.40-1.50. Swedes—Per net 0.90-1.00. Sprouts—Per 20-lb 1.50-3.00. Rhubarb—Per pound, 14-lb box 0.30. Leeks—Per 10-lb 1.00-1.50. Parsnips—Per 26/28-lb 1.00-1.50. Turnips—Per 26/28-lb 1.00-1.40. Tomatoes—Per pound O/E 0.50-0.55.

★

GRIMSBY FISH — Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00, codlings £3.00-£3.50; Large haddock £6.20, small £5.40; Medium plaice £4.00, best small £3.00-£4.00; Lemon soles, large £16.00, medium £11.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 15 1982	+ or −	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1080/1090	-25	$1100/1150
Copper			
Cash h grade	£864.5	-3.5	£853.25
3 mths	£888.75	-2.75	£883.25
Cash Cathode	£861.75	-5.25	£842.25
3 mths	£887.75	-4.5	£866.75
Gold troy oz	$375.5	-3	$372.5
Lead Cash	£337.5	-1.75	£338.5
3 mths	£357.75	-1.5	£341.5
Nickel	£3170		£3777.5
Free mkt	250/280c		265/280c
Platin'm tr oz'y	£250		£260
Free Mkt	£223.00	-1.15	£132.00
Quicksilver	$390/400		$405/415
Silver troy oz	465.70p	+1.75	416.95p
3 mths	481.20p	+1.35	432.45p
Tin Cash	£8880	+200	£8097.5
3 mths	£7887.5	+32.5	£7955
Tungsten	$125.54		$127.40
Wolfr'm 22.04lbs	$112/120		$117/125
Zinc Cash	£439.5	-12.5	£423.5
3 mths	£447.25	-16.5	£438.25
Producers	$875/850		$850
Oils			
Coconut (Phil)	$535w		$550
Groundnut	$590w		$585
Linseed Crude	£380		£370
Palm Malayan	$552.5x	-2.5	$515
Seeds			
Copra Phil	$350		$355
Soyabean (U.S.)	$257	-5	$275.5
Grains			
Barley Fut. May	£110.15	-0.5	£108.60
Maize	£133.50		£133.50
Wheat Fut. May	£114.70	-0.40	£112.55
No.2 Hard Wint	£118.75x	....	£118.75
Other commodities			
Cocoa ship't*	£1209	-50	£1251
Future May	£1175.5	+1	£1200.5
Coffee Ft' May	£1310.5	-0.5	£1159.5
Cotton A.Index	69.90c	....	70.15c
Gas Oil Mar.	$267.75	-4.5	$310.6
Rubber (kilo)	46.75p	-0.5	50p
Sugar (Raw)	£170w	+2	£162
Wooltp's 64s kl.	387p kilo	....	380pkilo

‡ Unquoted. v April. w Feb-March. x March. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

Jamaica considers sugar factory lease

BY CANUTE JAMES IN KINGSTON

THE Jamaican Government is considering proposals for leasing State-owned sugar factories to interested North American companies.

The Government owns two-thirds of the island's factories, and the entire cane sugar industry has been running at a loss. The accumulated deficit it put at $150m, and the loss on last year's crop was $45m.

Two of the companies said to be interested in leasing factories are Bacardi, the liquor manufacturers, and Gulf and Western. The Government had originally planned to sell the State-owned factories, as part of a government programme to divest unprofitable State enterprises. A policy change led to the offers for leases.

If they do enter the industry, the U.S. companies' first task will be to increase production, which has fallen from 1m tonnes per year 15 years ago to 205,000 tonnes last year. This year's output is expected to be about 200,000 tonnes.

The interest of the North American groups follows the refusal of the Jamaican Government to entertain an offer from Tate and Lyle to manage the State-owned factories.

Meanwhile, in Bridgetown, Barbados, a pay dispute between Barbados sugar workers and the U.S. markets were closed yesterday to celebrate George Washington's birthday.

Government ended on Sunday paving the way for the start of the 1982 sugar harvest, reports Reuter.

Harvesting, due to begin a week ago, was held up when the 7,000 sugar workers rejected a Government pay increase. A compromise was reached involving extra bonuses. The Government had offered a 20 per cent rise over two years; the workers had called for 25 per cent.

Barbados expects a 100,000 tonnes harvest this year, 5,000 tonnes more than in 1981.

EUROPEAN MARKETS

ROTTERDAM, February 15

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Feb 20/March 15 199, March 1-25 194.50. U.S. No. Two Red Winter Feb 15/March 15 166.50, March 166.50. U.S. No. Three Amber Durum Feb 214, April/May 189, June 190, July 191. U.S. No. Two Northern Spring 14 per cent March 207.50, April/May 185, June 185, July 188.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow afloat 128.50, Feb 126, March 126, April/June 127, July/Sept 131.75, Oct/Dec 136 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Feb 250, March 250.75, April 254.75, May 257.25, June 260, July 262.25, Aug 264, Sept 265.25, Oct 265, Nov 265, Dec 269 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 236, Feb 237, March 238, April 233, April/Sept 232, Nov/March 244 sellers. Brazil Pellets Feb 253, March 251, April 240, May 239.50, April/Sept 240.50 sellers.

PARIS, February 15.

Cocoa—(FFr per 100 kilos): March 1290/1295, May 1287/1290, July 1300/1310, Sept 1310/1330, Dec 1335/1349, March 1350/1360, May 1355/1365. Sales at call: 2.

Sugar—(FFr per tonne): March 2050 value, May 2054/2055, July 2060/2075, Aug 2100/2104, Oct 2085/2095, Nov 2085/2095, Dec 2080/2090, March 2125/2140. Sales at call: 30.

INDICES

FINANCIAL TIMES

Feb. 15	Feb. 12	Month ago	Year ago
242.09	249.05	243.61	255.64

(Base: July 1, 1952=100).

MOODY'S

Feb. 12	Feb. 11	Month ago	Year ago
1009.2	1013.1	1004.4	1155.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 12	Feb. 11	Month ago	Year ago
Spot	128.91	123.12	126.55	422.55
Fut'r's	155.89	155.62	153.36	437.48

(Base: December 31, 1974=100)

REUTERS

Feb. 15	Feb. 12	M'nth ago	Year ago
1612.8	1623.0	1621.8	1686.2

(Base: September 18 1931=100)

LONDON STOCK EXCHANGE

U.S. influences cause dull Monday for fourth week running but sterling's resilience helps Gilt rally

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 25	Feb 11	Feb 12	Feb 22
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22

* "New time" dealings may take place from 9.30 am two business days earlier.

The now familiar Monday blues descended on London stock markets yesterday, U.S. influences baing directly responsible for the fourth week running. Concern about Wall Street's receptioo wben it re-opens frøm holiday today of another sharp expansion in money growth and Mr Paul Volcker's repeated warning that failure to reduca the buge budget deficit would jeopardise any sustained recovery from current recession were the two major depressaots.

A new trading Account in London equities began with dealers defensively marking leading shares down in order to deter potential sellers. The manoeuvre reet with a fair measure of success; sellers were reserved aod a small selective demand encouraged most leaders to edge away from tbe lowest. Extremely disappointing UK industrial production figures for December later checked the rally and business subsequently became extremely slow.

Illustrating the early trend, the FT Industrial Ordinary share index was at its lowest at 11.00 am with a fall of 7.2. This was reduced three hours later to 5.5, but values aased again afterbours and the index closed a net 6.4 down at 564.1. The dividend deductions from five index constituents yesterday contributed about 3½ points of the overall loss, although the effects were countered to some extent by contrasting firmness in Bowater, up 11 at 251p on persistent talk of an impending market raid, possibly from a U.S. source. ICI again moved against the trend, along with Dunlop.

Government securities also started easier. Sterling's early fall and subsequent rally yesterday against the dollar and its contioued firmness over leading currencies as a whole influenced sentiment, causing light selling and then cheap buying. The lattar saw the shorts reclaim initial losses, extending to ⅜, to close unchanged on balanre, while falls among the longs were generally reduced from ⅜ to ⅛. Reoewed specialist demand lifted Exchequer 3 per rent 1983 ⅛ to 94 in a limited market.

Insurances good

Insurances started the new Account firmly. Loodon and Manchester stood out with a jump of 18 to 272p on speculative buying; the preliminary results are doe next month. Eqsity and Law, 414p, and Refuge, 242p, advanred 8 apiece. Elsewhere, a Press suggestion that Eagle Star is planniog to merge with a UK iosurance conrern to deter a bid from tbe German Allianz group, which holds a near-30 per ceot stake in ES, prompted renewed speculative support of Eagle wbich closed 7 to the good at 360p. Royals firmed a similar amount to 362p and Sun Alliance put on 6 at 894p. General Accident improved 4 to 312p as did Commercial Union, to 136p; the latter's annual results are scheduled for next Tuesday.

Ioterest in the major clearing banks was at a low ebb ahead of the dividend season which begins with Lloyds oo Friday. Lloyds improved 4 to 472p and NatWest closed a similar amount dearer at 452p. Australian issues came on offer with Bank of New South Wales, 158p, and National Bank of Australasia, 156p, down 6 apiece. Merchant Banks drifted lower in places.

Leading Buildings encountered sporadic selling, Blue Circle and Redland shadding 4 apiece to 520p and 178p respectively. Secondary issues closed mixed. Tunnel "B," still awaiting tha RTZ bid terms, added 5 more to 570p, wbile demand in a limited market lifted Ward Holdings 3 to 53p and the Deferred 6 to 43p. Robert M. Douglas, which reported poor results last week, shed 2 more to 73p.

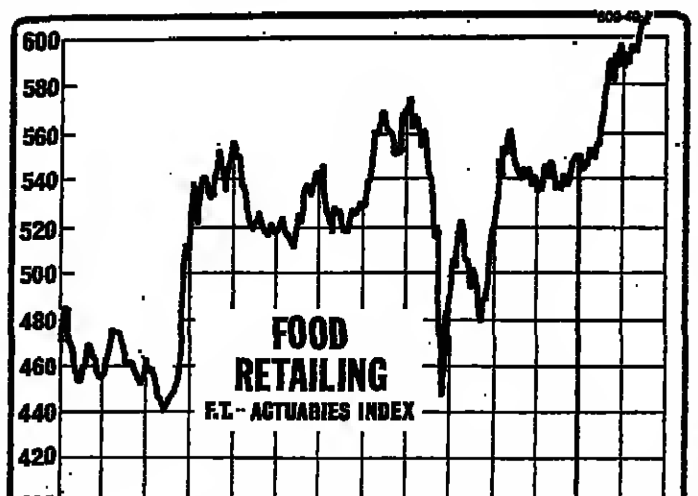
Favourable weekend Press comment abead of the preliminary results, due February 25, prompted further support for ICI which rose 4 to 350p.

Newsagents attracted most of the interest in an otherwise lacklustre Stores sector. Martin the Newsagent rose 7 to 312p and John Menzies gained 3 to 245p. Elsewbere, Polly Peck were notable for a fresh speculative improvement of 7 at 352p. Lincroft Kilgour were quoted a penny barder at 33p xd; the price in recent issues was io error. The leaders drifted easier.

Still attracting support ahead of Thursday's interim figures, Plessey bardened 2 to 372p. Other Electrical leaders drifted lower for want of support. GEC relinquisbed 5 to 823p as did Racal, to 370p. BICC, with annual results scheduled for March 24, also gave up 5, to 319p, while Philips' Lamps lost 7 to 485p. First Castle Securities rose 3 to 95p on further consideration of the profits and dividend forecasts which accompanied details of tha proposed £2.5m rights issue.

Leading Enginaars drifted lower in the absence of support and on scattered offerings. Hawker eased 4 to 328p and GKN 3 to 183p, while Tubes finished a couple of pence cheaper at 130p. Secondary issues, in contrast, provided an occasional bright spot, Drake and Scull advancing 8½ to 52½p in response to tha increased annual profits and dividend. Favourable Press mention left Brasway 4½ higher at 61½p and R. Goodwin 3 firmer at 14½p. Edbro responded to revived demand with a gain of 5 to 96p, while Wadkin closed similarly dearer at 78p aod Tace improved 2 to 22p. F. S. Ratcliffe Industries, on tha other hand, weakened 4 to 28p on the half-year loss.

Leading Foods were inclined easier in thin trading, Tate and Lyle losing 6½ to 204p xd and Unigate 1½ to 104p xd. Elsewbere, Bernard Matthews shed 5 to 100p after the announcement of industrial action at the company's processing plants in Norfolk and Suffolk.



Bowater feature

Speculative buying fuelled by rumours of a bid or dawn raid from an American source belped Bowater to featura miscellaneous industrials with a jump of 11 to 251p. Elsewhere, Associated Communications Corporation "A" advanced 9 to 84p, after 85p, on the announcement that Heron Corporation will increase its offer for the company in the wake of Bell Group's earlier move in matching Heron's offer of 85p per share. Booker McConnell revived with a speculative rise of 4 to 73p on talk of a pending offer from Unilever, while bid hopes continued to bolster J. and J. Dyson, the "A" adding 6 more to 107p and the ordinary 5 to 107p. Buying ahead of preliminary figures due on March 29 helped Low and Bonar to rise 8 to 180p while revived demand left St. Georges Group 7 to the good at 97p.

Up 15 on Friday following Metan's acquisition of a near-26 per cent stake in the company, Inter-City Investment bardened a penny more to 35½p, while Erskine House, still reflecting the large pnt-through transacted in the shares late last Thursday, gained a penny more to 56p, after 60p. Dalgety put on 4 to 336p awaiting today's interim figures and Chubb bardened a penny to 114p on Press comment. Dealings in the recently troubled EuroGame were suspended at 8p pending clarification of the company's position, this development prompted acute nervouseness in fellow USM stock, Willaire Systems, which dropped 6 to 9p.

The spotlight remained firmly fixed on the Leisure sector and three outstanding firm features emerged. Reports that the two companies had picked up the lion's share of Laker Airways' package boliday business lifted Horizon Travel 20 to 370p and Intasun 8 to 122p. Saga Holidays, which acquired Laker Air Travel last week for £0.5m, eased 4 to 167p. Elsewhere, Pleasurama, up 28 last Friday on the acquisition of Lydiashourne, a licensed gaming club proprietor operating Maxim's Kensington casino, advanced 27 to a 1981-82 peak of 395p.

The appearance of a couple of sizeable early buyers prompted a gain of 3 to 73p in Dunlop. Elsewbere in the Motor sector, Lotus Car firmed 3 to 32p following an investment recommendation.

Newspapers and kindred issues displayed several firm spots. Gordon and Gotch attracted support and rose 5 to 157p, John Waddington put on 6 to 130p, McCorquodale 5 to 147p and Bemrose 3 to 56p.

Marked lower at the outset on interest rate uncertainties, Properties staged a useful rally which left most leading issues virtually unchanged on balance. MEPC reverted to 223p from 221p, while Land Securities closed just 2 off at 298p, after 295p. Peachey improved 2 to 147p following Press comment. Elsewhere, Estates and General Investments added 2 to 38p on news that the company had surrendered its leasehold on a London property for a consideration of £1.3m, while Laganvale Estates, in receipt of a bid from Sturla Holdings, put on 2 to 34p, Daejan firmed 7 to 175p xd.

CCP bid approach

Drab conditions persisted in the Oil share market. Among the leaders, British Petroleum fluctuated narrowly before settling with a fall of 2 at 290p, but Shell became a steadier market and finished without alteration at 362p. Tricentrol gave up 10 to 208p while Lasmo closed 5 off at 335p. Dealings were temporarily suspended in CCP North Sea at 145p, down 3; the company announced yesterday that it had received a bid approach. Cluff were firm in the late dealings and ended 20 higher at 145p. Favourable Press mention stimulated interest in NCC, which closed 8½ dearer at 108p xd.

Interest revivad in money brokers, R. P. Martin rising 18 to 393p and Exco International 4 to 212p. Elsewhere in Financial Trusts, Akroyd and Smithers improved 4 to 184p and Aitken Hume edged up 3 to 198p.

Among Shippings, P. and O. Deferred followed the lower trend in the leaders and closed 3 off at 132p.

Textiles recorded the occasional improvement, with Nottingham Manufacturing outstanding at 160p, up 7. Atkins Brothers edged up 2 to 59p and Highams a similar amount to 57p.

Among Tobaccos, Imperial were relatively lively but closed 2½ cheaper at 80p xd.

South African Breweries hardened 3 to 205p on tha announcement that the company bas gained control of Edgars Consolidated Investments. Elsewbere, Unisec added 7 to 175p bnt Greatermans "A" lost 17 at 470p.

Australians weak

Renewed pressure on metal prices, reflecting fears of higher U.S. interest rates, led to sizeable losses in mining markets.

Australians were notably hard-hit with beavy overnight selling in Sydney and Melbourne being followed by persistent offerings in London.

Consequently, quotations were marked lower throughout the day with 1981-82 lows common to leading and speculative issues.

Last week's gloomy trading statements from Western Mining, Bougainvilie and Broken Hill Proprietary continued to cast a shadow over the whole of the sector.

Gold Mines of Kalgoorlie dropped 20 to a 1981-82 low of 250p and North Kalgurli sbed 3 to 50p, while leading base-metal stocks showed Western Mining 5 off at 212p, after a low of 210p, MIM Holdings 7 down at 170p xd, CRA 6 cheaper at 154p and Bougainvilla 3 easiar at a low of 63p.

Activity in South African Golds fell to minimal levels in the absence of American interest. The decline in the bullion price of $3.25 to $375.50 an ounce prompted an initial mark-down. Thereafter, prices drifted lower on lack of interest. The Gold Mines index gave up 9.8 to 274.3.

Heavyweights showed losses of around 4.

Financials mirrored Golds. South Africans were featured by Gencor, 45, down at 575p. London stocks were quietly easier; Gold Fields dipped 5 to 465p and Charter and RTZ 3 apiece to 240p and 437p respectively.

Rustenburg Platinum met persistent selling and dropped 15 to 195p. Impala declined 8 to 314p following the reduced interim earnings and dividend.

Demand for Traded Options subsided. Contracts dealt yesterday amounted to 1,879, comprising 1,228 calls and 651 puts. Last week's active counter Imperial continued to attract a useful business in the wake of the annual statement, recording 515 calls and 103 puts.

FINANCIAL TIMES STOCK INDICES

	Feb. 15	Feb. 12	Feb. 11	Feb. 10	Feb. 9	Feb. 8	A year ago
Government Secs.	64.79	65.04	65.34	64.69	64.39	64.68	62.02
Fixed Interest	64.99	65.42	65.34	65.15	65.08	65.17	70.63
Industrial Ord.	564.1	570.5	572.0	573.7	563.2	570.7	494.3
Gold Mines	274.3	284.1	288.2	288.8	289.7	315.3	[illegible]
Ord. Div. Yield	5.43	5.39	5.37	5.36	5.44	5.37	7.41
Earnings, Yld. % (full)	9.63	9.56	9.47	9.44	9.60	9.48	15.49
P/E Ratio (net) (*)	13.56	13.66	13.83	13.88	13.65	13.82	7.42
Total bargains	19,721	21,021	12,826	17,914	19,666	23,068	23,727
Equity turnover £m.	—	183.92	185.19	162.00	161.12	111.47	111.65
Equity bargains	—	19,245	17,676	15,148	16,487	15,826	17,183

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 563.6. 11 am 563.3. Noon 563.5. 1 pm 563.5. 2 pm 565.0. 3 pm 564.8.

Latest Index 01-246 8026.

*Nil=12.06.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61	60.17	127.4	49.18
Fixed Int.	72.01	61.61	150.4	50.53
Ind. Ord.	597.3	446.0	597.3	49.4
Gold Mines	429.0	262.6	558.9	43.5

S.E. ACTIVITY

	Feb. 12	Feb. 11
Daily Gilt Edged Bargains	183.4	171.1
Equities Bargains	124.7	114.5
Value	335.4	370.3
5-day Average Gilt Edged Bargains	174.0	173.7
Equities Bargains	109.0	103.6
Value	292.6	231.7

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
ACC A	84	+9	Horizon	370	+20
BAT Inds	425	+4	ICI	350	+4
Booker McConnell	73	+4	Intasun	122	+8
Bowater	251	+11	Inter-City Inv	35½	+1
Claremont Pet	74	-13	London & Manchester	272	+18
Drake and Scull	52½	+8½	Westerning Mining	212	-5

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

[illegible]

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

Stocks to attract money for the call included Inter-City Investment, Chloride, Second City Properties, First National Finance, Trident TV, Lonrho, NCC, Imperial Group, Barker and Dobson, Woodside and J. Brockhouse. Puts were arranged in Inter-City Investment, First National Finance, Unisel and Johnson and Firth Brown, while double options were transacted in First National Finance, Fisons and Town and City.

WORLD VALUE OF THE POUND

[illegible]

NEW HIGHS AND LOWS FOR 1981/2

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	58.8	63.2xd	+0.2	2.29
Capital	39.5	42.7	-0.1	3.99
(Accum. Units)	51.0	55.1	-0.2	3.99
General	61.3	66.2xd	-0.6	4.64
Gilt & Fixed Int.	99.7	104.9	-0.4	12.49
Income	39.3	42.5xd	-0.2	8.80
Worldwide Bond	105.1	111.2	+0.2	4.95
Inv. Tst. Fd.	56.1	60.6	-0.5	3.96
Equitas Prog.	85.4	92.3	-0.6	4.43

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	85.6	90.1xd	-0.2	13.47

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds				
Allied 1st	94.7	101.3	-0.7	5.32
Brit. Inds. Fund	82.5	88.1	-0.3	6.06
Growth & Income	59.4	63.6	.....	3.93
Elect. & Ind. Dev.	48.3	51.7	-0.3	4.36
Allied Capital	103.6	110.9	-0.2	4.50
Hambro Fund	142.0	151.9	-0.9	5.33
Hambro Acc. Fund	207.1	221.6	-1.0	4.51
Income Funds				
High Yield Fd.	69.5	74.4xd	-0.3	8.55
High Income	88.9	95.1	-0.7	6.73
Equity Income Fd.	49.1	52.5xd	-0.5	7.03
Govt. Secs.	23.7	24.3	-0.4	13.09
International Funds				
International	34.5	36.9xd	+0.1	2.49
Japan Fund	28.4	30.4	.....	0.56
Pacific Fund	67.5	72.2	-0.4	1.30
American Spec. Sits.	—	25.0	.....	1.10
Secs. Of America	82.1	87.8	+0.9	2.79
Specialist Funds				
Smaller Co.'s Fd.	59.9	64.1	.....	3.67
2nd Smlr. Co's Fd.	76.2	81.5	+0.4	3.99
Recovery	29.9	32.0	.....	4.41
Met. Min. & C'dty.	60.2	64.4	-0.2	5.92
Overseas Earnings	81.0	86.7	-0.8	4.64
Exempt Funds				
Income Exempt	55.0	57.8xd	-0.7	8.13
Far East Exempt	74.1	77.1	-0.5	1.62
Smaller Co. Exempt	101.7	106.8	+0.1	3.40
U.S.A. Exempt	133.8	139.1	+1.1	2.83

Anderson Unit Trust Managers Ltd.
62, London Wall, EC2R 7DQ 01-638 1200

Anderson U.T.	67.5	73.1	-0.9	3.39

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	169.0	179.0	.....	10.80
Leics.&Gen.Fd.	55.5	58.5	.....	7.33

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	37.1	39.9	-2.7	2.50
Do. Accum.	47.7	51.3	-3.4	8.50

Arbuthnot Securities Ltd. (a)(c)

Chieftain Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	71.4	76.6	-0.1	3.87
International	57.4	62.0	-1.3	1.23
High Income	29.0	31.3xd	.....	11.28

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	78.9	83.0	.....	5.62

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.7	40.1xd	+0.1	11.12
North American	57.1	61.7	+0.7	2.74
Canadian Exempt*	55.9	59.2	.....	3.30
Canadian Trust	47.4	51.2	-0.2	2.70
Mid Mount High Inc.*	48.1	50.9	.....	9.42
Recovery	59.9	65.4	-0.4	3.37
Gilt Trust	37.9	39.6xd	.....	13.39

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	39.8	42.9	.....	0.58
Cres. Internat'l.	84.2	90.9	-0.3	1.65
Cres. High. Dist.	46.7	50.4	-0.5	9.08
Cres. Reserves	52.6	56.8xd	-0.3	5.28
Cres. Tokyo	39.3	42.4	-0.3	0.29

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.9	24.5	.....	7.26

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb 12	259.9	277.2	.....	4.82

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Growth	23.0	24.4	-0.2	7.58
Special Sits.	26.0	27.4	.....	2.87

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	21.2	23.7xd	+1.7	7.34
Gt. Winchester O'seas	32.2	35.8	+1.1	3.49

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	57.2	61.5	-0.3	4.36
UK Gwth. Tst. Inc.	57.2	61.5	-0.3	4.36
Higher Inc. Tst. Acc.	59.6	64.0	.....	7.84
Higher Inc. Tst. Inc.	59.6	64.0	.....	7.84
Gilts/Fxd.Int.Tst.Acc.	51.5	54.2	-0.2	5.56
Gilts/Fxd.Int.Tst.Inc.	51.5	54.2	-0.2	5.56
Nth.America Tst.Acc.	49.5	53.2	+0.2	1.97
Far East Tst. Acc.	46.6	50.1	-0.3	0.97
General Tst.	95.0	102.1	-0.5	4.55

Fidelity International Management Ltd.
20, Abchurch Lane, London EC4N 7AL. 283 9911

American (z)	36.8	39.8	+0.4	0.78
Amer. Spec. Sits. (z)	26.9	29.3	+0.3	0.01
Gilt & Fixed Int.	22.9	23.7	.....	13.70
Growth & Income	34.6	37.8	-0.2	6.79
Japan Trust (z)	23.2	25.1	-0.2	—
Max. Inc. Eq. Tst.	31.3	33.9	.....	8.73
Special Sits.	40.3	45.1	-0.1	0.73

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	36.2	38.9	.....	1.90
Accum. Units	45.1	48.5	.....	1.90
J. Finlay High Income	38.4	41.5	.....	9.10

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1981/82 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
420	210	Hunting Assoc.	242	......	5.9	5.8	3.0	6.1
160	75	Huntleigh 10p	115	......	†1.5	4.2	1.9	13.9
225	120	Hutch Whamp SHK1	136	–8	†034c	2.7	2.3	17.3
15	9	Hyman (I. & J.) 5p	11	......	†0.83	8.1	‡	—
£20¾	£12⅞	I.C. Industries$1	£17⅜	......	Q$2.20	—	6.7	—
*61	16	ICL	48	+2	—	—	—	—
44	35	Ingall Inds. 10p	38½	......	2.5	1.9	9.3	11.6
275	160	Initial Services	269	–2	†9.0	2.5	4.8	11.3
35½	4	Inter-City 20p	35½	+1	—	—	—	—
124	39	J.B. Holdings 10p	124	+6	†3.0	4.9	3.5	8.1
192	110	Jacksons Bourne	148	–5	5.0	1.4	4.8	21.8
27	12	James (M.) Inds. 10p	22½	......	†1.0	3.3	6.4	5.3
243	135	Jardine M. SHK5	154	–7	†Q88c	2.0	5.5	9.6
25½	15	Jentique	20½	......	1.3	0.1	9.1	—
257	152	Johnson Clnrs.	228	–1	†7.0	3.4	4.4	7.5
*300	196	Johnson Mthy. £1	277	+2	9.5	2.3	4.9	(10.2)
92	57	Jourdan (T.) 10p	80	......	5.25	1.8	9.4	8.3
81	37	Kalamazoo 10p	45	–1	2.5	0.9	7.9	20.8
170	128	Kelsey Inds.	155	–2	8.0	2.1	7.4	8.9
152	112	Kennedy Sm. 10p	151xd	+2½	†4.38	4.1	4.1	8.8
330	225	Kershaw (A.) 5p	300	–10	21.75	ϕ	10.9	ϕ
75	43	Kleen-E-Ze Hldgs.	43	......	5.5	0.7	17.7	(13.0)
75	55	L.C.P. Hlds	66	......	4.3	0.8	9.3	(20.1)
48½	37	L.R.C. Int. 10p	45xd	+1	2.5	1.6	7.9	10.2
56	32½	Lawtex	44	......	1.5	—	4.9	—
181	116	Lead Inds. 50p	181	+5	9.66	1.4	7.6	12.2
125	55	Leadenhall Sterling	120	......	†3.5	1.5	4.2	20.9
330	275	Lep Group 10p	310	......	16.5	2.1	7.6	7.2
28	13	Lesney Prods. 5p	16	......	—	—	—	—
45	30	Lilleshall 10p	37	......	3.5	—	13.5	—
50	25	Lon. & Liv. 10p	47	......	†1.7	3.9	5.2	7.0
128	89	London & Mid'd	98	–1	7.75	1.1	11.3	(11.6)
49½	29	Lon. & Nthn. Grp.	42½	+½	3.75	2.5	12.6	3.6
30	23	‡Lon. Priv. Health	26	–1	—	—	—	—
9¼	5½	Long Hmbly. 10p	8	......	—	—	—	—
68	36	Longton Inds.	46	......	1.0	—	3.1	—
47	28	Lonsdale Univsl.	37xd	–½	1.0	ϕ	3.9	ϕ
212	147	Low & Bonar 50p	180	+6	14.5	1.6	11.5	(7.1)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

1981/82 High	Low	Stock	Price	+ or –
63½	56	A-R TV Pref. £1	59	......
132	72	Anglia TV 'A'	129	......
148	75	Assoc. Leisure 5p	85	+2
84½	48	Barr & W.A.T. 'A'	66	–2
65	30	Black Edgtn. 50p	54	......
192	121	Boosey & Hawkes	128	......
56	32	Campari Int. 20p	52	......
60	32	Fairline Boats 10p	42	......
58	29	Glasgow Pavilion 10p	41	......
46	32	Grampian TVA 10p	38	......
50	36	‡Greenwich Cable	39	......
124	74	HTV Non/Vtg.	123	......
*370	117	Horizon	370	+20
122	69	‡Intasun 10p	122	+8
64	24	††Intervision 10p	35	......
*25½	13½	Lancaster (D. M.) 5p	24	......
137	88	LWT "A"	137	+1
216	97	Mngmt. Ag. M. 10p	115	......
72	47	Medminster 10p	67	......
12	7	††Mistbowmide 5p	11	......
205	140	‡Music Int. 20c	180	......
50	30	Norton & Wrt. 10p	38	......
*84	57	Old Swan (Hotel) 10p	68	......
19	14	Owners Abroad	18½	......
13	7	††Pan Atlas 20p	7	......
62	38	Photax (Lon.)	54	......
395	182	Pleasurama 5p	395	+27
179	77	Saga Hols. 20p	167	–4
310	120	Samuelson 20p	138xd	+9
90	63	Scott. TV 'A' 10p	90	......
58	32	‡SelecTV 10p	45	......
34	31	‡TVS N/Vtg 10p	34	......
11½	5	††Tom Hill	6½	......
89	36	Trid'nt TV 'A' 10p	87xd	+1
255	115	Zla Century Dist. Cpn.	200	......
31	18	Webb (Jos.) 5p	25	–½
112½	69	Zetters 5p	69xd	–2

MOTORS, AIRCRAFT TRADES

[illegible]

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

OIL AND GAS—Continued

[illegible]

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
650	85	Falcon Rh.50c	85	–5	Q25c	10.3	21.9
135	60	Roan Cons. K4	80	......	ϕQ0.13	5.0	—
59	23	Wankie Col. Rh.1	23	–1	Q3c	1.2	9.7
32	19	Zam.Cpr.SBD0.24	20	......	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	46	......	Q4c	—	5.4
41	14	ACM 20c	25	–1	—	—	—
21	4½	Argosy Gold NL 25c	5	......	—	—	—
229	134	Bond Corp.	136	–4	Q10c	2.3	4.6
112	63	Bougainville J Kina	63	–3	Q6½c	ϕ	6.2
302	150	CRA 50c	154	–6	Q1½c	1.7	7.5
25	9	Canada Northwest	13	–½	—	—	—
35	11	Carr Boyd 20c	13	......	—	—	—
415	38	Central Pacific	38	–4	—	—	—
35	5	Cons. Gold Mn. N.L. 25c	5	......	—	—	—
47	13	Cultus Pacific N.L.	16	–½	—	—	—
68	20	Eagle Corp. 10c	20	–1	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Miscellaneous

1981/82 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
175	21	Anglo-Dominion	30	......	—	—	—
25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	85	......	—	—	—
330	200	Cons. Murch. 10c	290	......	Q60c	ϕ	11.0
10	5	‡‡Explaura Gold	7½	......	—	—	—
98	47	††Hemerdon 10c	60	......	—	—	—
180	65	Highwood Res.	85	......	—	—	—
505	205	Northgate C$1	210	......	—	—	—
633	372	R.T.Z.	437	–3	16.0	2.3	5.2
£130½	£93½	Do. 3½% Cv.Un.Ln. '95-2000	£101	–½	Q9½%	—	†9.4
103	13	††SPO Minerals 10p	18	......	—	—	—
47	15	Sabina Inds. C$1	15	–2	—	—	—
44	21	‡Southwest C. 10p	32	+1	—	—	—
650	355	Tara Exptn. $1	390	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Prior at time of suspension.
- 4 Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	IRISH	Price	+ or –
Albany Inv. 20p	42	......	Conv. 9% '80/82	£94⅞	......
Bertrams	17#	......	Nat. 9¾% 84/89	£65	......
Bdg'wtr. Est. 50p	420	......	Fin. 13% 97/02	£73⅜	......
Craig & Rose £1	£12¼	......	Alliance Gas	70	......
Finlay Pkg. 5p	26	......	Arnott	215	......
Graig Ship. £1	£21	–1	Carroll (P.J.)	74	......
Higsons Brew	68	......	Concrete Prods.	90	......
Holt (Jos) 25p	555	......	Heiton (Hldgs.)	22½xd	–½
I.O.M. Sun. £1	130	......	Irish Ropes	37	......
Pearce (C. H.)	£10½	......	Jacob	60	......
Peel Hldgs.	122	......	T.M.G.	13	......
Sheff. Refrshmt	85	–2½	Unidare	54	+1
Sindall (Wm.)	200	......			

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	10	I.C.L.	5½	**Property**	
Barclays Bank	42	Ladbroke	15	Brit. Land	7½
Beecham	21	Legal & Gen.	14	Cap. Counties	10
Blue Circle	48	Lex Service	10	Land Secs.	28
Boots	19	Lloyds Bank	42	MEPC	20
Bowaters	24	"Lots"	6½	Peachey	14
Brit. Aerospace	17	London Brick	7	Samuel Props.	11
B.A.T.	38	Lucas Inds.	20	Town & City	3½
Brown (J.)	7	"Mams"	12	**Oils**	
Burton Ord.	15	Mrks. & Spncr	12	Brit. Petroleum	26
Cadburys	9	Midland Bank	30	Burmah Oil	10
Courtaulds	8	N.E.I.	9	Charterhall	6
Debenhams	7	Nat. West. Bank	38	KCA	14
Distillers	15	P & O Dfd.	14	Premier	6
Dunlop	6½	Plessey	32	Shell	50
Eagle Star	31	Racal Elect.	36	Tricentrol	22
F.N.F.C.	4	R.H.M.	6½	Ultramar	38
Gen. Accident	28	Rank Org. Ord.	20	**Mines**	
Gen. Electric	60	Reed Intnl.	26	Charter Cons.	25
Glaxo	42	Sears	6	Cons. Gold	45
Grand Met	17	Tesco	5½	Lonrho	7
G.U.S. 'A'	45	Thorn EMI	42	Rio T. Zinc	42
Guardian	25	Trust Houses	11		
G.K.N.	15	Tube Invest.	13		
Hawker Sidd	30	Turner & Newall	11		
		Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

FINANCIAL TIMES

Tuesday February 16 1982

State cash sought for dock jobless

BY BRIAN GROOM, LABOUR STAFF

PORT EMPLOYERS are pressing the Government for financial assistance for the industry to deal with further redundancies of registered dockers.

Without help, they say, ports cannot raise the money to achieve a necessary 4,000 redundancies in the next five years. Many ports would be in deep financial trouble and their future in jeopardy.

A delegation from the National Association of Port Employers met Mr David Waddington, Under-Secretary at the Department of Employment last week to put their case for help through what they believe will be the last five years of long-term changes in the industry.

These changes involve the remaining stages of containerisation and the shift in trade from the West to East and South Coast ports.

It is expected that the registered dock labour force, which is 18,000 compared with 57,000 in 1967, will come down further to about 14,000 by 1987.

The employers, who presented detailed proposals for assistance, received a sympathetic hearing from Mr Waddington.

But they face a hard task in persuading the Government to extend to other ports the help it gives the Port of London Authority and the Mersey Docks and Harbour Company.

In a Commons debate on the recent Government proposal to raise the limit on assistance to London and Liverpool by £200m to £360m, Mr David Howell, Transport Secretary, said: "There was an immediate crisis of unique size and scale in these two ports and in no other port was it the case that the only way of tackling these problems was by means of Government funding."

The employers point out that last year's large-scale severances, which removed 4,785 registered workers from the industry, raised the National Dock Labour Board's loans from the Government by 360 per cent to about £60m.

On top of this there have been redundancies among non-registered workers.

The Dock Labour Board payroll levy, through which the ports belonging to the National Dock Labour Scheme fund severances, raised £12.3m last year.

The industry arranged its own temporary two-month scheme, raising top severance payment from £10,500 to £16,050.

CEGB calls for easing of profit targets

By Martin Dickson, Energy Correspondent

THE Central Electricity Generating Board has asked the Government to relax the financial discipline imposed on it in a bid to hold down electricity price rises facing industry this spring.

The move comes amid renewed complaints by bulk industrial users of electricity that prices in the UK are substantially higher than those facing key continental competitors.

British electricity tariffs are due to rise in April. Households and small businesses face increases of about 10 per cent, but the rises for large industrial users will not become clear until the Government rules on the CEGB's financial request.

The board has apparently told Ministers that, if it is to meet the financial target imposed by the Government in January 1980 which called for a return of 1.8 per cent on net assets over the three years to 1982-83, it will have to increase its bulk supply tariff (BST) by 15 to 16 per cent this year, well above the rise in its costs.

The bulk tariff governs the price at which the CEGB wholesales electricity to area boards, which then retail it. The full 16 per cent will not be passed on to customers because the area boards have over-achieved on their financial targets and can, therefore, absorb some of the increase.

The rises could be lower still, however, if the Government eased the CEGB's financial target. It is argued in the supply industry that the target was set before the recession cut electricity demand and that private sector companies would not try to maintain profit levels in such a manner in the face of a slump in sales.

The Government turned down a similar request last summer from the Electricity Council, the umbrella body for the supply industry as a whole, and may be reluctant to agree now. Relaxing the CEGB's financial target could require an increase in the board's external financing limit—the amount it can borrow in one year—and that would have repercussions on the public sector borrowing requirement.

In another move to hold down industrial electricity prices, the supply industry has suggested widening the scope of its system of "load management," under which bulk users get discounts in return for agreeing to reduce their use of power at short notice, when national demand is high.

But the industry has told ministers that this, too, would require an increase in its external financing limit. If the Government accepts either of the industry's two price-cutting suggestions, an announcement would be likely in next month's budget.

THE LEX COLUMN

The gloves come off at ACC

Index fell 6.4 to 564.1

Behind the legal smokescreen, the tussle for Associated Communications is beginning to assume the shape of a conventional takeover battle. The two rivals, Bell and Heron are now actually talking the same language, i.e. pence per share. It seems that Bell can no longer rely on the shut out of the irrevocable undertakings received from the ACC directors, regardless of the price, to win the company. So, to this extent, Heron's decision not to stint the legal fees seems to have justified itself.

Bell has now raised its offer to match that of Heron—and this has been enough to flush out a prompt announcement of a higher forthcoming offer from its rival. Having driven Heron up, the temptation for Bell to sell out must be considerable. A profit of perhaps £8m would be a timely contribution to financing Bell's outstanding bid for the Sydney Herald group.

Meanwhile, there may be a slowdown in the action, to give the participants time to ascertain whether ACC is cum a smash hit in the film On Golden Pond, now riding at the top of the U.S. charts.

Oil and widgets

The U.S. markets were closed yesterday, but Eurodollar interest rates moved up half a point in response to the weekend money supply figures, and as a result the dollar was strong against pretty well everything, including gold and oil. The spot oil price moved easier and Iran dropped its official selling prices by a dollar a barrel.

The pressure is now on with a vengeance in the oil market. Saudi production cannot be cut back indefinitely, and a lot of other Opec members are clearly desperate for revenue. At the same time non-Opec output of oil and gas is steadily increasing. Taking the North Sea as an example, the past few days have seen the start of production on the Fulmar and North Cormorant fields, and industrial production figures which show UK oil and gas production in the last quarter of 1981 seven per cent higher than in the same period a year before.

This buoyant level of output contrasts strongly, of course, with manufacturing production, which fell 2.3 per cent in December to a level 16 per cent below the average of 1979. Over this same period oil and gas production is up by 19 per cent.

Some of the December fall in manufacturing output must simply reflect the very bad weather, but the rise in interest rates in the autumn—as the CBI recently suggested—does seem to have encouraged further attempts to reduce stock levels.

After the increase in industrial output which took place between May and October—corresponding very closely with the period of very easy money (roughly March to September) during the civil servants' strike—the economy may now be forming the third stroke of a shallow "W." Lower energy prices would seem to point to a slackening of the squeeze—but whatever the Iranians may be doing, British Gas is still moving prices upwards.

Eurocanadian

Financial information concerning Eurocanadian Shipholdings is as sparse as ever but Mr Frank Narby's plan to sell off 50 per cent of the company's North Atlantic container business suggests that transatlantic competition has been as intense on the water as it has in the air.

Like Sir Freddie Laker, Mr Narby has built a sizable business by offering cheap rates across the North Atlantic. The recession has cut capacity usage to the point where cash flow will not easily cover the cost of financing new vessels. So three new Korean container ships are up for sale, together with 50 per cent of Eurocanadian's container operator.

Mr Narby is seeking over $100m for the package and his current attempts to reschedule debt have lent a certain urgency to the transaction. The background to the offer is not encouraging. Returns from the North Atlantic trade are poor enough to make an investment in fuel-efficient, but undepreciated, vessels something of a gamble. Canadian National Railways recently declined an option to increase its equity stake in Eurocanadian's operating subsidiary and last week asked the company to pay its rail distribution charges in advance.

Toyota

A weaker yen compensated Toyota Motor for declining unit sales and investment income during the six months to December. Parent company net profits were up 16 per cent to Y66.4bn and Toyota expects the full year figure to be roughly maintained at Y133bn.

To judge from the earnings decline reported late last year by Toyota Motor Sales, the parent company may have been widening its export margins at the expense of the sales organisation. This happy situation will not persist after the beginning of July when the two companies are due to merge. But there should be considerable savings in shared overheads at a time when the domestic car market looks very weak and export sales are labouring under trade pressures. The terms of the merger, announced yesterday, are not particularly generous to TMS shareholders, after allowing for a proposed scrip issue by Toyota Motor in June.

Prior in 'decisive' talks on De Lorean

By John Griffiths

MR JAMES PRIOR, the Northern Ireland Secretary, is to meet members of the De Lorean Motor Company Board today for what are expected to be decisive talks on the company's future.

They will be taking place against a background of mounting pressure from Ulster politicians, unions and industry for the Belfast-based sports car concern to be rescued from its financial predicament.

Yesterday Mr Prior met representatives of 100 Midlands-based suppliers to De Lorean. They told him that up to 7,000 jobs, and orders worth up to £40m a year, would be lost if the company ceased trading.

Mr Ian Paisley, the Democratic Unionist leader and one of the fiercest critics of the De Lorean project when it was launched, said the knock-on effect of the plant's closure would be "disastrous" for Northern Ireland's economy.

Mr Prior will also have to weigh De Lorean's future in the context of the growing threat to the 7,000 jobs at the Harland and Wolff shipyard, a few miles from the De Lorean plant, and Northern Ireland's largest single employer.

Following talks with the De Lorean board, Mr Prior will brief his Cabinet colleagues and then prepare a government statement expected to be made tomorrow.

The talks will centre on the company viability and structure report prepared over the past two weeks by consultants Coopers and Lybrand. It was delivered to Mr Prior, with an assessment from Sir Kenneth Cork, at the weekend.

Its contents have been the subject of considerable speculation. Within Whitehall it has been indicated that it is "not optimistic" but no suggestions have emerged of the course of action the Government might take on it.

The De Lorean board is expected to bring its own figures purporting to show that the company can be viable at a production level of about 7,000 cars a year.

The company has been seeking about £35m more from the Government to finance unsold stocks of cars until an anticipated spring sales upturn in the U.S.

Some 2,500 cars—with a retail value of about £35m—are stockpiled between plant and dealers.

The plant's 1,500 employees—1,100 were paid off on Friday—are on short-time working, building about 140 cars a week against the projected 400.

Split over homes aid in Budget

BY PETER RIDDELL AND MICHAEL CASSELL

PROPOSALS for a large extension in the Budget of housing improvement schemes have received backing from a group of senior Ministers, in the face of opposition from the Treasury, which is resisting a number of other suggestions for extra public expenditure.

Mr Michael Heseltine, Environment Secretary, has suggested that housing grants be extended to cover all insulation and draft exclusion, which it is claimed would produce large energy savings.

Extra spending on house improvement has been urged because it should have a rapid impact on jobs in the construction industry and with their materials suppliers. This scheme has been supported by Mr Nicholas Edwards, the Welsh Secretary, and Mr Peter Walker, the Minister of Agriculture, among others.

The Treasury remains highly sceptical. Mr Leon Brittan, Chief Secretary to the Treasury, is reported to be reluctant to reopen the decisions on public expenditure for 1982-83, which were taken last autumn and announced in December.

He has opposed a number of other suggestions for extra spending to help industry and reduce unemployment which have come into the Treasury from all over Whitehall in recent weeks.

It is likely, however, that some version of the housing improvement scheme will be announced before long, in view of the Government's worries about the building industry.

Discretion available to local authorities could be a complicating factor, since there is no certainty that any new initiative would be taken up on the desired scale and work through to boost employment.

The construction industry is likely to regard any grant extensions as having extremely limited implications for stepping up output. Total construction industry output fell in 1981 by about 13 per cent, and the decline is expected to continue.

Moreover, any extra spending on home improvement might provide more of a boost to the do-it-yourself market, and hence to suppliers, than to the construction industry itself.

Warning on Leyland closure

BY JOHN LLOYD, LABOUR EDITOR

BL WARNED yesterday that closure of Leyland Vehicles, its truck and bus subsidiary could come quickly if mass meetings of its workforce later this week voted for a continuation of the three-week old strike.

Mr David Andrews, Leyland Group Chairman said: "The continuation of the strike will mean that the company will be starved of funds and it is clearly impossible for it to proceed with its forward programme which is necessary."

Mr Andrews was speaking after a nine-hour meeting with union officials had produced no agreement over the 4,100 redundancies which the company has demanded.

The company was presented with the shop stewards' "alternative plan" for the group, which called for increased investment and expanded production.

Mr Gerry Russell, an executive member of the Amalgamated Union of Engineering Workers and leader of the union side said that stewards and convenors would report the result of the meeting to members at mass meetings on Thursday at Leyland and Friday at Bathgate. The unions had agreed to make no recommendation.

Rig capsizes Continued from Page 1

years ago, with the discovery of gas in relatively shallow water near Sable Island, about 150 miles east of Halifax. This gas could be brought ashore relatively quickly, but development work on the find has yet to be completed.

About 10 years ago, attention moved further north to the Hibernia area, nearly 200 miles east of St John's. Two oil fields have been found but the present stage of exploration is comparable with the North Sea 12 years ago.

About three rigs have been working in the area, with Mobil as the principal operator and Petrocanada helping to finance research.

Continued from Page 1

Iran cuts oil price

press British National Oil Corporation to reduce contract rates again.

Last week State-owned BNOC, the leading trader of North Sea oil, reduced contract prices by $1.50 to a reference level of $35 a barrel. Some companies wanted to cut rates by as much as $3 a barrel.

BNOC is resisting pressure for a further cut on the grounds that high-grade North Sea oil is already the cheapest of its type in the world.

Iran's move, and the continuing weakness of the spot market, have added to the problems of Saudi Arabia, the world's leading exporter. Having fought for much of 1980 and 1981 to secure a unified Opec pricing structure, the Kingdom is now faced with a breaking of ranks within the organisation.

WORLD OIL PRICES ($ per barrel)

	Jan. 1 1980	Jan. 1 1981	Latest
Saudi Arabia: Light 34 deg. API	26.00	32.00	34.00
Kuwait: 31 deg. API	27.50	35.50	32.30
Iran: Light 34 deg. APIq	30.37	37.00	32.20
Abu Dhabi: Murban 39 deg. API	29.56	36.56	35.50
Algeria: Saharan 44 deg. API	33.30	40.00	37.00
Libya: Es Sider 37 deg. API	34.50	40.78	36.50
Nigeria: Bonny 37 deb. API	29.99	40.02	36.52
UK. Forties 36.5 deg. API	29.75	39.25	35.00
Indonesia: Sumatran 34 deg. API	27.50	35.00	35.00
Venezuelan: Oficina 34 deg. API	28.75	38.06	37.06

Source: Petroleum Intelligence Weekly

Continued from Page 1

Cast

from Yugoslavia and also chartered to Cast Containers, is not for sale. The first of the three, the Cast Caribou, was delivered on Saturday.

The "recessionary emergency surcharge" across the Atlantic was being introduced, Mr Narby said, to show Cast's "recognition of the need to face economic reality" and avoid such problems as have affected airlines.

Although Mr Narby said he expected to receive several bids and reach a satisfactory sale soon, other shipping lines operating across the Atlantic expressed scepticism on a possible deal.

With business still picking up slowly between North America and Europe, they found it hard to see who would want to buy extra capacity — especially at the price sought by Mr Narby.

Cast Motorvessels' debt comprised $77m of 9 per cent eight-year financing provided by the Korean Export-Import Bank, Mr Narby said.

Weather

UK TODAY

AFTER a cold start most places will have normal temperatures.

London, Midlands, W. and N. England, Central and S. Scotland
Freezing fog patches dispersing slowly, sunny periods later. Max. 6C (43F).

S.E. and E. England
Mostly cloudy, sleet or drizzle possible. Max. 6C (43F).

Rest of England and Scotland, Wales, N. Ireland and Channel Isles
Dry with sunny periods. Max. 8C (46F).

Outlook: Little change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57				
Algiers	F	21	70	Luxmbg.	R	3	37
Amsdm.	C	3	37	Luxor	F	20	68
Athens		—	—	Madrid	R	8	46
Bahrain		—	—	Majorca	F	16	61
Barclna.	C	12	54	Malaga	F	14	57
Beirut	S	12	54	Malta	F	17	63
Belfast	S	6	43	M'chstr	S	5	41
Belgrd.	S	5	41	Melbne		—	—
Berlin	C	1	34	Mx. C.		—	—

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

BL car production up 4.45% last year

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL LAST YEAR moved further ahead of Ford as Britain's top car producer, according to statistics compiled by the Society of Motor Manufacturers and Traders.

Car output from the BL plants rose by 4.45 per cent from 395,820 to 413,440. But the improvement at Austin Morris, the volume end of the business, was greater—10.26 per cent, reflecting the success of the Metro which is now believed to account for at least half the division's output.

A sharp fall within the Jaguar-Rover-Triumph business was to some extent caused by the discontinuation of the TR sports cars after they first were dropped from sale in the U.S. at the end of 1980.

Although Ford had a 30 per cent share of new car sales last year (against BL's 19 per cent) it imported about 45 per cent of the vehicles from Germany and Belgium. Granadas and Capris, for example, are made only by Ford of Germany.

Two factors in particular held back Ford's British output last year. The company says that its two car plants, Dagenham in Essex and Halewood on Merseyside, consistently failed to meet targets even though the objectives were well below those set for comparable plants in Germany.

At the same time there was a reduction in the export of car kits to the Far East following the introduction of the new Escort. Exports of old Escort kits were running at 200 a week but the new ones go from Toyo Kogyo in Japan.

Talbot's UK's production depends heavily on shipments of car kits to Iran where the old Hillman Hunter is assembled as the Peykan. Last year about 70,000 kits were exported to Iran or nearly 60 per cent of the companys output.

This year has started badly for Talbot as all Iranian shipments have been halted since before Christmas because of the political situation in Iran and there are so far no signs that they will be started again.

Talbot's output last year was also hit by closure of its Linwood plant in Scotland which is estimated to have turned out about 20,000 Sunbeams and Avengers a year.

Vauxhall's performance is much less impressive than its looks on paper because the 1981 figures include the Cavalier and Carlton models which did not qualify as UK production the previous year.

Cars only count as British production if the value of the imported kits from which they are assembled is less than half the final ex-works price. Vauxhall last year incorporated enough extra UK content to allow the Cavalier and Carlton—which come in as kits from Opel, its sister General Motors company in Germany—to be "British." The Chevette is the only car Vauxhall manufactures rather than assembles.

Talbot also benefited from the 50 per cent rule last year and the Alpine and Solara, assembled from French kits, are now counted as UK production.

Last year was only the second time since 1958 that UK car output fell below 1m. As recently as the mid-1970s Ford's production in Britain was around 400,000 while BL's was 688,00 in 1976. Ford's capacity is still about 500,000 a year while BL's is roughly 800,000.

UK CAR PRODUCTION

Manufacturer	1981	1980
BL:		
Austin Morris	347,575	315,219
Jaguar-Rover Triumph	55,424	70,917
Land/Range Rover	10,441	9,684
Total BL	413,440	395,820
Ford	342,171	342,767
Talbot UK	117,439	125,314
Vauxhall	69,932	55,002
De Lorean	7,409	—
Rolls-Royce	3,087	3,168
Lotus	345	384
TVR	164	144
Reliant	89	582
Others	574	623
Total	954,650	923,744

Source: Society of Motor Manufacturers and Traders.

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